**TBP 194 Edited\_Transcription**

[Daniel Hill] (0:06 - 1:12)

Welcome to this month's Deals, Deals, Deals podcast hosted by my very good friend, Mr. Mark Barrett. Mark Barrett is a longstanding property entrepreneur board member, has successfully started, systemized, scaled and sold his property management company. Mark now spends his time building hands-free portfolios for high net worth individuals for his company, The Property Brokerage, and through these monthly Deals, Deals, Deals episodes, you're going to hear some of the UK's most lucrative, most strategic, award-winning and market-leading deals to inspire you and educate you in how you can do exactly the same.

Over to Mark. Ladies, gentlemen, and property entrepreneurs, we have a very special episode for you today. We are celebrating two years of the Deals, Deals, Deals podcasts hosted by my good friend, Mark Barrett.

So two years ago, Mark, who's been doing property for how long?

[Mark Barrett] (1:12 - 1:16)

A long time, yeah, a long time, over 25 years, I know.

[Daniel Hill] (1:17 - 2:17)

Over 25 years, has done deals of all shapes and sizes, hundreds of options, lease options. He's done development, deal packaging, had his own agency, knows this stuff inside out, approached me and asked if there would be interest to do a dedicated podcast episode every month, which we now release on the first of every month, showcasing the best deals from our property entrepreneur community to inspire and educate other investors and property entrepreneurs on the best strategies, the creative ways to do it and how to make the best margins.

And two years later, he has covered over nearly 100 million pounds worth of deals. Today we're going to do a very special episode to celebrate two years of the Deals, Deals, Deals podcast. And it gives me the greatest of pleasure to welcome my good friend, host of the Deals, Deals podcast, founder and managing director of the property brokerage, Mr. Mark Barrett. How are we doing, Mark?

[Mark Barrett] (2:18 - 2:30)

Great, thank you. And happy new year to you, Dan, and to everybody that's listening. Welcome to 2024.

Can you believe it? Amazing. Amazing.

And can you believe that it's two years since we've been doing the podcast?

[Daniel Hill] (2:30 - 2:45)

I actually can't. When Emma said, you know, we need to do a big podcast for Deals, Deals, Deals anniversary, I genuinely couldn't think whether it was one year or two years. So it has flown by.

And to showcase as many deals as you have, released on the first of every month, of the month, every month, you've absolutely smashed it.

[Mark Barrett] (2:45 - 3:47)

Yeah, I've really enjoyed it. Really enjoyed it. Yeah.

It's been great to go through because on Property Entrepreneur, we talk about the wealth hierarchy of kind of like cash flow deals, profit and then assets. And we've covered all of those within the different podcasts. We've had some amazing ones on cash flow, kind of like the back to back leasing has been like a great strategy.

People have built like the SA portfolios, you know, the cash flow and then some of the profit ones as well. Amazing. Yeah.

I've been really good. So yeah, it's a new year and I'm looking forward to this. And with it being the second anniversary and we started out on the first podcast, I did think it would be great to get you on.

And yeah, I appreciate this. So fantastic. And what I thought would be good is in Episode 90, we had you on to talk about Mancor House.

[Speaker 3] (3:48 - 3:48)

Okay.

[Mark Barrett] (3:48 - 4:11)

And it'd be good to review that because in property, not everything goes to plan. And most things don't go to plan, will they? We were just saying before, actually, that everything kind of like can take longer and cost more.

But you sometimes got to kind of like ride with that and look for the opportunities. Always. Which is what you've done.

So Mancor House, over to you Dan. Do you want to give us an update?

[Daniel Hill] (4:12 - 4:26)

So last time I was on was, when was it, a year ago, maybe? And I talked about Mancor House that we bought in the pandemic. We purchased it in the middle of the pandemic, middle of lockdown.

I was living on the narrowboat. When was that?

[Mark Barrett] (4:27 - 4:30)

Yeah, I think it was in November. So it's just over a year ago.

[Daniel Hill] (4:30 - 8:46)

So about a year ago. So I purchased Mancor House in the middle of the pandemic, living on the back of narrowboat, hadn't even seen it. I just knew that on face value, it was a million pounds, obviously in excess of a million.

It was listed on Estates Gazette, which is a lesser known website, it wasn't on Rightmove. Been on the market for a long time, agent unresponsive, and the photo was of the garage. So part of it's got a garage, got a double garage, I don't know how big it is.

And it was a photo of a garage, which looked like it was a garage for sale for a million quid. On Estates Gazette, most people would just completely discard it, and I think I probably had done previously. And I just thought on face value, like 30,000 square foot for a million quid, like a big garage.

Yeah, it's a big garage. And I just thought, I could buy that and probably sell the bricks for more than a million quid. The land and the bricks for more than a million quid.

So you know, I'd have to, it just seemed really good. Jen went and had a look, walked around, and it was an operating business center. Pretty much all B1 offices, a bit of light industrial.

And it was kicking out 90 grand a year in rent. So I just thought, buy it from, I bought it cash, a million quid, unconditional. And I thought, worst case scenario, it's generating me 9%, which bearing in mind the pandemic, we had zero interest rates.

So it was like, it was a fantastic yield for my cash, made sense. And I just thought, I can't go wrong with that. Optimistically, I'll develop it into a block of apartments, put some airspace on top.

Worst case scenario, I run it as a business center and it makes me 10% return on my cash. So that was the plan a year ago. And I'm sure if people go back and listen, that was the general sort of story that I told.

And then what I did was bought it, I bought it cash, bought it blind, and went into the process of looking at developing it using permitted development. And as with everything, I try and find the best way to do it. So not the quickest or the easiest, the best.

And what I did was looked at all of the permitted development that existed and wanted to explore that. And what I wanted to do, which sounds quite convoluted, but I wanted to use AB permitted development for airspace, which was to put one or two stories on top using permitted development. Then, so get the planning for that, get that granted, maybe even develop that.

Then split the title, the 30,000 square foot of the existence, split the title into two blocks of 15,000 square foot, use MAPD to convert that into from what's now E-Class to residential, convert those into apartments, and do one block, keep the back tenant, and then move the back tenant out in two years, three years, and develop that. And the outcome, if that was successful, would be around subjects planning or subjects of PD and prior notification about ACA apartments. Now, there's a number of considerations around this.

And one of the considerations was I applied for the AB PD. And basically, it was after a long process, because it was a large application, it was kicked out. The main reason being that they said that it had to, the first was that it had to be a semi-detached or a terrace building.

Right. But it's actually a detached building. And I hadn't acknowledged that or appreciated that.

So that actually threw that out. And then I thought, well, I could split the title, split the title, and then you would have, obviously, you'd have semi-detached. So this is where you get caught out on technicalities and where the planning system falls short is it's very, it's technicality driven.

If I only owned half of that building, I could have done it. But because I owned the whole thing, and it was two blocks, it was built, the first bit was built in the 60s. The second bit was built in the 80s.

It's just so happened, because I own the whole thing, it's classed as a detached building, whereas if it was two buildings, they would have been semi-detached. Or actually, the argument I went back with, because semi-detached doesn't count, it had to be either terraced or detached.

[Speaker 3] (8:46 - 8:46)

Right.

[Daniel Hill] (8:46 - 11:48)

And the issue, but then I said, actually, it is a terrace. It's a terrace of individual office units. Because if I sold those units off, car garage, factory, offices, storage, it would be terraced.

Anyway, roundabout way, they just completely threw that out. Okay, fair enough. So then I thought, what I'm going to do is go for the PD, easy one, go for PD on the existing building, half of the freehold, it's 30,000 square foot, half of it is 15,000 square foot.

I can't remember how many apartments it was. I think it was about 40 apartments, maybe. That's just top of my head.

I can't remember. It was 15,000 square meters. They were doing about 400 each, say 230.

Yeah, it's probably 30 apartments, 25 to 30 apartments. And they threw it out on the basis that you would need to have 10 years established use as E-class, which I believe it has. But then you've got to prove it.

Right. And it's like 10 years of, what do you use? Valuation reports, leases, councils, what can you use?

And that became quite challenging. And then what transpired, I then changed planners because one of my planners let me down, in my opinion, by basically submitting an application, which was always... Although I told them to submit it for A, B, P, D, they should have.

You'd expect the planning consultant to say, well, this won't pass because it needs to meet these criteria. But they didn't. And we didn't fall out.

But I said, you've let me down on this. You should have spied that three months ago before we submitted it. Because I missed that technicality when I was researching it.

So then I moved over to a new planner who was a local planner, because I've used the same planner for over a decade. He's done me fantastically well all around the country. He's a new planner who's local, and he knows the council.

And he said, this is really unfortunate, but you've chose notoriously one of the worst councils in the country to go against. And they're like 70% behind their target planning for new units, which means they actually now can't even initiate the national planning framework because they're not in line with where they should be. So I obviously chose a battle with a difficult council.

Never worked with them before. They then threw out the MA one. In order for MA to work, MAPD, you have to have the building empty for 90 days.

So I then kicked out all the tenants who were paying me tens of thousands of pounds, got the building empty, submitted the planning, which takes whatever it is, two months, or the PD, which I thought was going to be a no-brainer. And they came back and said, no, we've looked at the planning application from when it was built in the 60s, and it was built as a factory. So this, as far as we're concerned, is a factory, which means it doesn't fall into the E-class.

Ah, wow. Doesn't fall into the E-class. It's actually whatever factory is.

I don't know what factory is.

[Speaker 3] (11:48 - 11:50)

I don't know whether it's on the Surrey General, so I don't know what it's under.

[Daniel Hill] (11:51 - 13:44)

No, it's got, yeah, I don't know what it is, but it's under that. So you now need to prove that in order to, you now need to do an application for Certificate of Lawfulness to prove that it is B1 or B1 enough to fall into the E-class. So then I started going around that.

We got in touch with the people, we bought it off. Their old assistant in their garage, in their grandparents, whatever, is a box of paperwork that might have some leases from like 19 whatever. And I just got to the point where I was thinking, I've spent well over £100,000 here in fees, et cetera.

The building is now empty. I'm about to take on the battle of my life with this council. And in the period that all this has happened, interest rates have gone from half a percent to 4%, 5%.

I thought, you know what? Like, I got to the point where it would be better to do a full planning application, which worst case scenario, including appeal, would take 18 months. And it would cost me the best part of a quarter of a million quid, all things considered, which by all things considered, I mean the void and the ongoing finance costs on the cash.

So I thought, you know what? I'm happy to spend a quarter of a million quid. I'm happy for it to take two years, but I don't want it to be sitting there empty.

I'd be better off letting it, even if I only got £100,000 again. That £200,000, probably half of that is finance costs, if not more. Take the edge off, de-risk it in the short term.

I've lost £120,000, £150,000 idiot tax from that year. Let's let it service itself and then go to a full planning app. So what we did was we listed it just to see what the demand would be like before we made the decision.

We said to the people we bought it off, where did you advertise it? And they said they've owned it since the 70s and they've always advertised it either in the local newspaper or on Gumtree.

[Mark Barrett] (13:44 - 13:45)

Wow, amazing.

[Daniel Hill] (13:45 - 17:03)

So listed on Gumtree and then Jen, who runs Portfolio Builder, phone ringing off the hook, people wanting to take units. And we just thought, wow, this is really encouraging. So we set about a strategy, a 12-week strategy to let it over this summer to end September, got the agents in and they said, yeah, we think in the current market, I was thinking if I can get £100,000, I'd be happy.

They're saying in the current market, we think this is a desktop appraisal. They didn't see the site. We reckon you'd probably be able to get about £140,000, £145,000.

And I said to Jen, I think that sounds high. If I'm honest, I think that sounds high. And Jen said, yeah, me too.

She said, let's get them round to do a survey. They came around to do a survey and they knocked it down a bit, but not a huge amount. I thought, right, we're off to the races.

And by that time, word had got around the block that we were keen to let. And the phone was ringing from friends of friends who wanted a unit. The first one went for like, I can't remember what it was, £15,000 or £20,000.

And I was thinking, wow, that's like very encouraging. So we got the range of valuations from the agent. I said to the team, list it at the highest rate of the valuations, drop down if you have to.

And within about two or three weeks, we realised we could get even more than the top end. And we were guided at £140,000, £145,000. We're not finished letting it yet.

I think we're at 80% occupancy. But assuming the units that are not yet let... In fact, no, it's more than that.

I think it's just the garage left and the rest of them moving in in December. It might even be nearly full apart from the garage. But it looks like we're going to end somewhere between £170,000 and £180,000 on the rental.

Wow. Only cost me £960,000. We've done them all FRI leases.

So they're all paying their own bills. They're paying their own bins. They're paying their own maintenance.

I've now gone to refinancing. I'm thinking, right, well, I've got a million pounds, paid a million quid for it. It's probably now worth between £1.5 and £2. So I thought I'd go in for a valuation at £1.5, 50% gear in £750,000, release £750,000 and touch wood, next week that'll get released from Shawbrookes. The valuation's been done, came in bang on the money, £1.5 that we asked for. Wow.

75% loan to value. So minimum we've made £500,000 on the equity. If we were to sell it, probably more like three quarters of a million, maybe even more.

It depends if we actually sell it. And after the refinance, which is 8%, so it's expensive, obviously because of the current market, but to release pretty much all of my money at 8% and I've got other deals to do, which we'll talk about, was a no brainer for me. And even after servicing the debt, it will still make the best part of £10,000 a month, about £100,000 a year, maybe even more, just depending on what the final figures come in at.

So it's making £100,000 a year. We've made half a million quid plus on the balance sheet, got majority of our money back out. And we've not even really hoovered it, let alone spend 8 million quid developing it.

So that's where we've got to with it. And it's turned out, that's the benefit of having a plan B, C, D and E. It's turned out pretty good.

[Mark Barrett] (17:04 - 17:20)

Amazing. I mean, it just shows you that obviously not everything goes to planning property, but I think one of your strengths is constantly looking for what's the upside, you know, okay, this has not gone right, but what else can we do? And coming up with that, so fantastic.

[Daniel Hill] (17:20 - 17:55)

I was actually getting interviewed earlier and someone was saying, what is the biggest mistake people make in property? And I said, the one that I see consistently is people do deals that don't make money. And what I thought is like, they said, well, why is that?

And I said, well, when you're young and green and naive, like we were talking about earlier, if you weren't optimistic and naive, you probably wouldn't get into business or get into property if you actually knew what it was going to do, what the experience was going to be like. But when you're new and green, you try and talk yourself into the deal, don't you? Like the refurb will be, yeah, no, we could probably save some money here.

It'll probably come in less.

[Speaker 3] (17:55 - 17:56)

Yeah, it could be quicker.

[Daniel Hill] (17:57 - 18:53)

Could be a bit quicker. You know, we think it's going to take 12 months. Maybe we'll get around it in six.

The rent looks like it's going to be this. It might be more. The refinance value is going to be this.

Let's think it's going to be this. Whereas actually, if you want to be in the top 5% that actually make crazy money, it's not talking yourself into the deal. It's talking yourself out of it, isn't it?

And it's like, if you look at all, we only do maybe one or two deals a year now, maybe three deals a year. But we are doing nearly in the haystack deals, you know, the deals you look at and people, every time I do a deal and you hopefully you vouch for this, people will be like, oh yeah, you've never seen one of them before. You're never going to see it again.

I bet this is the best deal you've ever done. And they're absolutely right. It's like the best deal I've ever done.

But they're always the best deal I've ever done. Like you go to Wycliffe Mill or like Norgle House or Waterloo Crescent, and you're like, wow, like that just sounds like one in a million. And it probably is.

But if you're doing one in a million, you don't need to do a million.

[Mark Barrett] (18:53 - 19:00)

Yeah. I think that's a good thing with you. You have the knack of finding the deals of a lifetime on a regular basis.

[Daniel Hill] (19:02 - 19:43)

Yeah. And I mean, surely that's the aim of the game for everyone, isn't it? And you and I were looking at, hopefully we'll have a chance to talk about it, but we were looking at some of your deals earlier in the week.

And you look at them and you think, wow, that is like a needle in a haystack deal. Nobody else is doing deals like that. And that's the secret, isn't it?

It's not to go out and do 100 deals a year, which some people do. And the likelihood is if you want to do volume, you won't get the value. You want to do the needle in the haystack, the one or two deals a year.

Like Warren Buffett, he says he sits there with his harpoon, his elephant gun, waiting for the next whale to come. And he might not do a deal for two or three years. But when it comes, he's ready to move.

And he does it. And he, you know, touch wood. In most cases, doesn't have any bad surprises.

[Mark Barrett] (19:43 - 20:22)

So that's great to get the update on Mancor House. So that leads us on to, you were just saying, you know, is it 12 months ago you was living on the, probably a bit longer on the boat, on the narrow boat. And now I understand you no longer live on the narrow boat, but you live in the manor house.

Absolutely. So congratulations. And yeah, I've seen the photos.

It looks absolutely amazing. The office is just brilliant. Can you just tell us about how this has come about?

Because it's not come around by accident, so.

[Daniel Hill] (20:23 - 23:47)

No, so there's lots of, in fact, maybe I'll tell you the, because we've got time, I'll tell you the story, which I haven't told anybody yet. So this is going to be the story end to end and the deal. So the story, you and I are both into power, like law of attraction, power of the universe, things like this, right?

So I've always been into period buildings. Like it's just, it's just my thing. You know, some people like new builds, some people like glass.

I like big stone build, normally Georgian or Victorian period properties. And I don't know why I like them. I like the grandeur.

I like the country estate. You know, that's just my style. I like that side of things.

And it's always been my dream and my aspiration to live somewhere like that. And for two reasons, I haven't done it up until now. One is that I always, in my head, had committed to the fact that that's what I would do when I retired.

You know, when I'm at the end of my journey, I would buy the, and probably not in my head, I didn't even think I'd buy a full, the full building. I thought I'd probably buy an apartment in it or buy a block and develop it and have a good like two or 3000 square foot apartment in a big stately home. So one was in my head, it was the thing to do at the end of my journey.

And the second, which leads onto the story, is Sav, my partner, is completely anti-big house. You know, we've always had modest house. We lived on the narrow boat together.

Doesn't like big houses. Definitely doesn't like old houses. She's scared of ghosts.

Doesn't want to get anywhere near one. So she was like, every time, because the market's doing what it was doing, I said, now's the time. Because for various reasons, we had the boat, then we rented a house for two years, and we hadn't bought our own home.

And as soon as the market, as soon as rates shot up, I was like, this is going to be that window. If you're buying your own house, obviously it shouldn't, doesn't have to be a deal. But as a developer and investor, it helps if it is.

And I thought, if you're going to buy your own house, you want to, especially at the top of the market, you know, you're spending millions rather than hundreds of thousands. You want to buy it in a down market. And I thought this is, timing wise, what we want to look for.

So we're looking for houses. And every time I was searching take off the maximum price and look at the top of the market in any area, you've got your stately homes, you've got your detached houses, you've got your swimming pools. And it's just that fantasy dream of drifting away.

And whenever I would even remotely show something that was big or old to Sav, she would say, no, it's haunted. It's a big house. Absolutely not.

So for those two reasons, completely parked the idea of a big house. And we were looking at living off the land. So we were actually looking at a lodge.

Could we put a port home on a bit of land and live off the land? So like a narrowboat on the land. And that was the plan.

We were actually looking for that. And then a number of things happened. So the first was, I spotted this house, this manor house.

And when you've got your dream home, Sav and I said, we look at a load of houses. This is okay, but this is okay, this. With a house normally, it's one of those things when you see the one, you know what it is.

There's no question about it. You see it and you're like, that's the one.

[Mark Barrett] (23:48 - 23:59)

I actually remember you hesitating about your dream house that was half the price. And then trying to justify that. Absolutely.

You didn't pull the trigger on it, did you?

[Daniel Hill] (23:59 - 30:56)

No. So that was a good example is Sav and I found a house that was period, was grade two listed, significantly smaller, maybe a quarter of the size, half the price. And I was sort of talking myself into it.

It definitely wasn't perfect. It wasn't a forever home. And we offered on it, but we didn't get carried away and we didn't buy it in the end.

And the sort of logic is always with your own home, when you know it's the one, it's the one. All rationale goes out the window. And I was looking through Rightmove at the top end, one Sunday morning, just dreaming.

And this house came up. And it was like, I've got a picture in my journal that I've drawn since. I'd love to say I drew it beforehand.

And it's literally, if I was to draw you what my dream house would look like outside and to then show you what it looks like inside and the location, I looked at it. I thought this is exactly where I want to end up in the future. But Sav's been beating me down for the last two months.

I'm never gonna, it wouldn't fly. It was just a dream. I kept looking at it, looking at it, looking at it.

Then you and I were away in, I think you were there. We were at one of the retreats away. In Portugal.

Don't think it was Portugal. It was, it was the one before that abroad. I'm not sure where we were.

I'd be, it might, no, it wouldn't have been Ibiza. Anyway, it was, we was abroad. And Andy, my driver is, you know, now my sort of right-hand man.

He sent me a link. He, cause he was looking for a house for me and Sav. He sent me a link for Rightmove and said, have I told you this bit of the story?

I don't know. Sent me the link to Rightmove and said, how about this one? And I messaged it and I looked at it and I obviously looked at it loads of times, knew what it was.

And I said, literally, this is absolutely me, 110%. I said, I said, best of luck talking Sav round. As in like, she's no, he knows she's not gonna go for it.

And then that was the end of it. Didn't hear anything from her. Flew back from the retreat.

Andy picked me up from Manchester airport. Drove down, picked Sav up from Sheffield town centre or I messaged her on the way back from the airport. And I said, you're not picking up from town?

She said, oh yeah, Andy's only just dropped me off. I've missed my appointment. He took me to, he said, she said, oh, thanks a lot for asking Andy to take me to view that house.

I said, what? He goes, yeah, I was supposed to be in town for 10 a.m. But Andy picked me up, took me to view that property. So I'm running late now.

And I said, she said, you know, why didn't you tell me you asked him to take me to view? And I said, I never asked Andy to take you to see the property. I said, hang on a minute.

And I went back through my messages and where I'd put, you know, I love this property. It's absolutely perfect. Best of luck talking Sav round.

There was a typo. And it said 100% absolutely love the property. Best of luck.

Take Sav round. So he drove to the house, picked Sav up completely unaware. She's just answered the door.

What are you doing there? Took her to see the property and they couldn't get a view in. So they just did a drive around outside.

And I was like, I completely didn't mean to do that. But it is what it is. And then Sav goes, oh, I actually quite like it.

She goes, I quite like it from the outside. It's nice. It's in a hamlet.

They went for lunch in the local village. And she was like, yeah, I actually quite like it. But it's too big.

It's dated. You know, it's old. It's not what I want at all.

And I was like, OK, well, that's random. And then Andy spoke to his grandparents and were like, oh, yeah, I just took Sav to see this property. And it turns out that his grandparents lived basically next door to that property.

So there was like a family connection there. And then it disappeared, got forgotten about. And then about three weeks later, I was going to Property Entrepreneur.

And on the Thursday morning, I was waiting for Andy to pick me up. And they published on the listings. They hadn't sold it for like three months.

Market's quiet. And value for money was ridiculous, like per square foot and what it was. It was just crazy.

They put a YouTube video up showing you the property, a walk around tour. And I watched it. And I was just like blown away.

I was like, this is literally my dream house. Grandfather clocks, 15 seater, grand dining table. I was like, wow, this has gone from like impressive to this is absolutely crazy.

Went to Property Entrepreneur, came back the Friday night. Sav and I were just catching up, having some dinner. And I said to her, just so you're aware of what I actually want and where I want to live when I'm older and when we retire, that house that you went to see and I told you about, they've just put a video up.

And I just want to show you, just so you know what, this would literally be my dream house. And I showed her it. And I watched the video.

We couldn't have got halfway through the video. She goes, I love it. She goes, I absolutely love it.

And I was like, what? And she was like, yeah, I love it. I'll be up for it.

And I was like, are you serious? And she was like, yeah, let's book a viewing. And all of a sudden, I was like, oh my god, this has been on the market three months.

I've pored over it every weekend. Sal's been to see it outside. She now likes it.

And then all of a sudden, you're like, oh my god, somebody else is going to buy it. How do we get the viewing booked in? How do we do all that?

So then we've got a viewing booked in on the Monday. Our tenancy was coming up on our house. And we said to the landlord, they said, oh, do you want to renew for another 12 months?

And we said, we're actually going to look for somewhere to buy. Could we renew for just for six months? But yeah, we're happy to, but we'll renew for six months.

Sent that. The Tuesday comes around. We're going to view the house.

Sal comes out of the house. I'm in the car waiting for her to come out on the phone. She's never on the phone, never takes calls.

Walking towards the car. And going, I said, is everything OK? She goes, yeah, that was the agent.

So we're just about to go view this manor house. She goes, that was the agent. They've heard back from our landlord with regards to 12 months.

Said, unfortunately, the landlord doesn't want to do six months. You got 60 days notice. And we were like, oh my God, this has got to be a sign.

We're like, we're on our way to view this house. We've just been served notice by our landlord. And then we went and did the view in.

And that was like all of, I'm sure there was other bits of it. But that was how it played out. And then I offered them a million quid cash.

It was on for like one and a half million quid. And you look at it and it's like, this property is for 1.8 million, which is 10,000 square foot. And there's properties on at 1.8 million, which are like 6,000 square foot.

[Mark Barrett] (30:56 - 30:59)

So it's huge. It's seriously impressive as well.

[Daniel Hill] (30:59 - 36:47)

Yeah. Yeah. Thank you.

And it's big Georgian detached. It's got East wing, West wing, main building comes with two and a half acres of land. I was just like, this is crazy.

And it just looks on face value, like a deal. And then we turned up and you're like, you know, when you know it's a deal, turned up, the agent's late, opens the property up. All the lights are off.

It's empty. It's cold. There's a leak in the lounge, which is all fallen through.

There's a gutter broke outside and it's all come through the wall. The house feels cold. The agent doesn't even turn the lights on.

He doesn't seem to know what's going on. And Sav's walking around horrified, basically like, no way, this is never happening. I'm walking around thinking, this is a deal.

This is absolutely a deal. So I offered, we then flew away to Portugal. I think it was, flew away to Portugal, offered them, I said, offer them a million quid cash complete before Christmas.

Immediately they turned it down, offered them 1.2, 1.25. And they were like, no, we need, like they said, we'll potentially take 1.4. And I said, and they had another 10 acres with it. And I said, would that include the 10 acres? And they were like, we might include some of that, but not all of that for 1.4. So I said, can we meet the seller? The easiest way to get a deal done is with the seller. And he said, yeah, there's, oh yeah, he said, the couple are getting divorced. She's already moved to Manchester.

He's moved out. The neighbors are coming in every day to feed the cat. There was a smash window at the front.

And you're looking at it thinking, this is a derelict property, a motivated seller. And then I said, can I do a viewing with the seller? So Sav and I went again to meet the chap that was selling it.

And all of a sudden the whole thing came clear. It was like him and his missus weren't getting divorced. They basically sort of like semi-retired.

They've bought a place in Spain. They spent the whole summer in Spain, expected to come back and the house would be sold. Unfortunately, in the time they've been away, the gutter's broken.

The ceiling's come in. Nobody's told them. The agents are doing viewings of a grade two listed building, which is going to make people nervous anyway.

It's now got all these maintenance issues. And they had 40 viewings and no offers. And I was like, wow, all of a sudden this is starting to make a lot of sense and in a down market.

So I end up doing a deal with them. 1.475 million plus about another three acres of land. So including the building plus the...

Oh yeah, and the West Wing has not been developed. So the West Wing is basically like a three or four bed house with the old servants' quarters, kitchen, two reception rooms, four rooms upstairs, hasn't even been developed. And it was listed as a nine bed house, whereas it's actually a 13 bed.

It's just that half it hasn't been developed. So I'm assuming either they didn't think to list it or they can't list it as a bedroom. So it's actually a 10,000 square foot, 13 bed mansion with two and a half acres.

We agreed another, I don't know what it is, another three, probably four acres on top of that. Plus they're downsizing and they're actually our next door neighbors now. Plus they're downsizing.

And so all the furniture that's in there, there's hundreds of thousands of pounds worth of like vintage furniture and stuff that grandfather clocks, which wouldn't really go in any other house other than like a big listed hall. And so we agreed about 80% of the furniture to stay, pool tables, all that sort of stuff. Plus the land.

Plus then we agreed exchange delay completion because they were saying if they didn't sell it in the next month, they were going to rent it out. And I said, great. I mean, as soon as someone says that, you're like, this is lease option territory.

Well, I said, well, you're ready to move. We know the finance market is going to mess us around. How about we rent it off you for a period?

Then we'll buy it. And he said, yeah, as long as you exchange contracts. And I was like, it's in my interest to exchange contracts as well.

So we exchanged contracts. We've got a delay completion with a long stop for August next year. And the plan is we're in now, buy it, complete with a two-year fix.

As soon as I get the resume mortgage sorted, we're obviously paying a lease fee in the interim. And complete with a resume mortgage on a two-year fix. The money I'm using for man core house, you release that to pay the deposit and then develop the West Wing, get all the grounds sorted.

And then in 18 months time, revalue it. I mean, it's got to be worth, I reckon it's probably worth 1.8, 1.9 now. With a proper listing, proper agent, no water coming through the walls, the glass.

Oh yeah. And the seller did all the works. The deal was they do all the repairs, all the stuff that came up on the survey that was urgent.

They did all of that. So we've all of that done, plus developing the West Wing, plus the extra land, plus hopefully in 18 months, two years, the market will come back around. If I can refinance north of 2 million, which I think is an absolute no brainer, I would get all my money back out, end up being no money down on the 75% loan to value mortgage, dream house with a West Wing, land.

Yeah, it's absolutely bonkers. So that is the story end to end. And I'm sure there's some other law of the universe bits that I didn't include, but there's so many reasons why that couldn't have, or shouldn't have happened, or wasn't meant to happen.

But then also you put it all together and it was all meant to be, wasn't it?

[Mark Barrett] (36:47 - 37:07)

Yeah, yeah, absolutely it was, yeah. I think the other things that you shared was kind of trying to get that win-win situation where you ended up giving the seller what they wanted, but that's brought so much goodwill. And they've now kind of like, you know, paying for all the things that came up on the survey.

[Daniel Hill] (37:07 - 38:58)

Yeah, absolutely. And that's the whole thing about playing the long game. I've talked about it in my book, Karma Credits, the whole books about it, is the reason we got the deal done is it was genuinely a win-win.

It was like we got a good price and a great property and all of the trimmings, but it gave them exactly what they wanted. And when we started at 1 million, they wanted 1.5, we added in all the bells and whistles and we got to 1.45. And then on the day of Property Entrepreneur, I rang him and said, are we doing this deal? You know, is this deal done or not?

And he said, yeah, reluctantly, we'll accept it. And I said, what do you mean like reluctantly? And he said, like, I would have much rather split the difference and met you at 1.475. But I get it. The market's where it is. It's a lot of money. We want to do the deal.

We'll take 1.45. And I said, let's meet in the middle. Whether it was 25 grand or it was 100 grand, meeting in the middle is just the value you get from starting the relationship on that footing meant when the survey came in and there was issues, he was happy to do it. When we needed things from him, he was happy to reciprocate.

It was just from the off. Even we did the last deal right at the end where they'd moved out and there was loads of extra furniture. In the games room, there's all of these antiques.

There's the hot tub. You know, they weren't supposed to leave it, but they left it. Like he said, look, you've been so fair throughout.

Just make me an offer. And you can just, we'll give you all. So I said, well, I'll give you X thousand pounds.

And he was like, we just shook hands there and there. He's like, absolutely perfect. Absolutely fine.

Amazing. And both of us got what we wanted. Yeah.

And couldn't be happier. And that general vibe, and they're going to be next door neighbours, you know, that general vibe that we all got what we wanted is, yeah, just worth its weight in gold.

[Mark Barrett] (38:59 - 39:12)

So it's been absolutely fantastic watching the kind of, from the narrowboat to the manor house. And then, you know, as well as the dream car. It's been, yeah, it's been phenomenal.

[Daniel Hill] (39:13 - 40:39)

So yeah, I appreciate it. Thank you. Yeah, thank you.

And I've had a lot of kind feedback. Again, I was being interviewed earlier and people were saying about how when they get successful, their friends start to like distance themselves or their friends don't really like them anymore. And I think the good thing with having our peer group is I've not experienced that.

And actually I've had the opposite where a lot of people have congratulated me and said like, it's well-deserved. And it's, I genuinely have had a feeling since I've moved in. I've only been in there three days.

I feel like I've finally like made it. I feel like I've got to where I wanted to get to. And like the two key parts of that, one was over the last few years, I've got really lost with my entrepreneurial journey.

And I think a reason for that is I just made more and more money over the last 20 years. And I really haven't spent it. Like I really haven't, I've bought the old supercar and like stuff like that, but I really haven't grown into what I've made.

And that becomes demotivating when you're trying to drive yourself to make money that is just a number on a spreadsheet. Having bought this house and considering how reasonably accessible it was, when I got into it, buying the Rolls Royce, buying the house, and I was like, wow, someone like me can actually achieve some, can actually afford something like this. It actually like just grew me into, if that makes sense.

And my sentiment was that I finally felt like I've made it and actually the juice was worth the squeeze.

[Mark Barrett] (40:39 - 40:40)

Amazing, yeah.

[Daniel Hill] (40:40 - 42:10)

Because it's been so many times the last few years, I thought, was it worth it for the last 10 years of killing myself? So there was that. And then when I was saying earlier about wait until I retire, until I'm at the end of my professional career, when my dad died, and I was like, my dad was retired for a year before he died.

I was like, why, if I can afford to buy my dream house now and have kids there and have a family there and enjoy it for three, four, five decades rather than three or four or five years, why wouldn't I? And then that was the defining factor that made me bite the bullet. And I was like, that is what money's for.

It's there to be enjoyed. Delayed gratification, I couldn't do any of the things I've done recently without that, but you can't roll it up forever. And that, yeah, just, I honestly feel like, on Sunday, I was walking around the garden and I came back in, it was Monday actually, walk around the garden, walk around the land, looking at the house.

I came back to Sav and I said, she said, oh, you look happy or whatever, like smiling to myself. I said, you know what? I actually feel happy.

And I said, I don't normally feel happy. I don't normally walk around feeling happy. And I said, I actually feel happy.

I don't walk around feeling depressed or negative. I just walk around being passive. And I was like, do you know what?

I actually feel happy. And I get up in the mornings and I feel happy. I sit at my desk at half four this morning doing work and I feel happy.

And I'm like, wow, this is like, there is a need to have rewards in your life.

[Mark Barrett] (42:11 - 42:22)

I think the other thing you shared was kind of like you coming into kind of like the era of the chairman and you've got the chairman's office within home, which looks absolutely amazing.

[Daniel Hill] (42:23 - 43:21)

Well, that quote that says, don't dress for the job you've got, dress for the job you want. Yeah. It's like, I actually feel like the chairman now.

Like when I walk around my grounds and I'm being driven around in my Rolls Royce, I'm in my manor house. I actually feel like, it's like that fake it till you make it. Like some people say, fake it to make it's a bad thing.

I've actually always advocated fake it till you make it. And what I mean by that is, you want to grow into a brand rather than out of it. And it's like, if you project yourself into this place, and this is probably the extremist example of, I want to move into that chairman role.

I've been trying to do it for the last few years. And as we say about for drastic change, you need to make drastic decisions. That was a drastic decision to move into that house, huge financial commitment.

But it's like, I can't now not be the chairman. So you don't sit in that house and then go and unblock toilets. Not that I've unblocked toilets for years, but you force yourself to become who you want to become.

I don't know if that makes sense.

[Mark Barrett] (43:21 - 43:24)

Yeah, it does. So yeah, huge congratulations.

[Daniel Hill] (43:25 - 43:26)

I genuinely appreciate it.

[Mark Barrett] (43:26 - 43:40)

So whilst we've got you here as well, I would love for you to share your top three strategies for each of the levels, depending where people are of the wealth hierarchy. So we could start off with cashflow.

[Daniel Hill] (43:41 - 44:06)

Yeah, absolutely. So there's no way you can get to doing these sort of deals we talked about today. Without going through the motions.

And as anyone who listens to deals, deals, deals knows, there's three levels, cashflow, profit, asset. For people who are just starting out and haven't yet got to a point of breakeven, they need to be using cashflow strategies. And if we were to look at the best in the market at the minute, I would say back-to-back leasing all day long without a doubt.

[Mark Barrett] (44:06 - 44:10)

Featured a few challenges. We've had Jay talking about how he's like smashed that.

[Daniel Hill] (44:11 - 45:48)

He's absolutely crushed it. He heard it on Property Entrepreneur, put it into practice. And within, I don't know how long he's been doing now, two years, two and a half years, he's making like well over 10 grand a month.

It is the same as anything. Nothing's easy or straightforward, but it's a lot easier and more straightforward than doing 500,000 pound HMOs that you rent out. You literally, back-to-back leasing, for those who aren't familiar with that, go back and listen to Jay's episode.

Mark will have a look, see what number is for you. And basically what you do is like a rent-to-rent deal where you'd rent a property and then rent the rooms out to professionals or students. And you lease it off a property and then lease it to an operator.

And whilst you've got one landlord and one tenant, the value you get from the person you're operating it, you're leasing it to, the operator, is so much higher than what you pay the landlord on the lease. You end up with a similar profit margin that you would on a rent-to-rent contract where normally you have voids, utility bills, maintenance, letting fees. Whereas a lease from a landlord then onto an operator is three years, five years, no maintenance, no compliance, no voids, no lettings fees, no utility bills, no council tax.

And it's just the easiest way to make... There's no asset value, you don't own the property. There's no chunks of cash, you're not flipping anything, but there's that consistent monthly income that it's just, I mean, it's as crest of the wave as you get.

Leases is something I'm a huge advocate of. In fact, you've started, you've been doing this over the last sort of six to 12 months. It's gone as well for you, hasn't it?

[Mark Barrett] (45:48 - 45:55)

Yeah, it has, yeah. So just before we move on, Jay's podcast is 133. So if anybody wants to catch up with that, it's podcast 133.

[Daniel Hill] (45:55 - 45:59)

And he made over 100 grand on one deal for a property he doesn't own.

[Mark Barrett] (45:59 - 47:26)

Yeah, yeah, amazing. So you've been talking about kind of like crest of the wave and obviously I had the HMO agency. We've done all the kind of like all the projects that we're doing on the portfolio builder.

And then we sold that agency and then, you know, been doing like other things. But you've been talking about kind of like, you know, the leases, crest of the waves. And we started doing some deals and very, very lucrative, yeah.

So these are just kind of like houses. We operate in the Northwest. So kind of like greater Manchester kind of like area.

And we can get like a house that we would probably sometimes the same size as what we was doing for the HMO conversions, sometimes a bit smaller and don't have to do a bigger refurb. So don't necessarily need all the on switch, which is great. So it's quicker, less cost.

But the returns are better than what HMOs are. That's kind of like for professionals. So some of the kind of like numbers that we just agreed, purchase price on one was 153.

We're probably gonna spend about 30 on it. And the return on cash is over 10% with all the fees. And then with the mortgage, it's gonna be probably about 20%, maybe higher.

[Daniel Hill] (47:27 - 47:43)

Yeah, absolutely. And for the right investors who are looking for that strong return, and the big selling point, again, this is for those who are listening, you're selling these for investors as well, aren't you? For those listening that want these, if they reach out to you, where's the best place to get it?

At the property brokerage website or?

[Speaker 3] (47:43 - 47:48)

Yeah, so it's propertybrokerage.co.uk or hello at propertybrokerage.co.uk, yeah.

[Daniel Hill] (47:49 - 48:07)

Reach out to Mark and for those who are interested in these deals and sort of have a look at them. The main appeal for these is like, it's not only the strong returns of HMO, like you're saying, the returns are sometimes even better than HMO. It's that peace of mind that you've got one tenant for three years, five years.

[Speaker 3] (48:07 - 48:07)

Five year leases.

[Daniel Hill] (48:08 - 49:03)

Are they five years? Yeah. Five years.

And all of my blocks are on five year leases. And it's like, I can't imagine how different, but I've got hundreds of units. And they're all, I think, they're all either single let's to the single rented market, which stay there for years rather than months.

Or in most cases, they're blocks or commercial property or private schools and they're leased for three years or most of them, most of mine, five years. And they just sit in the background. The money comes in every month.

And I know people, you know, there's no such thing as a free lunch and you have to do various things, but it really is as close to passive income as you're going to get. And when I compare it to when I had even just 50 HMO rooms and every month is like tenants in, tenants out, broken boiler, non-paying rent, lettings fees. It's like to get higher returns and peace of mind.

It's just, yeah, it's a crystal wave. It's printing money. It's absolutely no brainer.

[Mark Barrett] (49:04 - 49:17)

Yeah. So just going back to the different strategies. And so for cashflow, we mentioned the rent to rent, that is also the purchase for the options.

Anything else that you can...

[Daniel Hill] (49:17 - 51:40)

For cashflow? Yeah. I would say back to back leasing is hands down.

It's not like do that or do this. I would say it's hands down, low capital, maximum cashflow, strong peace of mind. I would say it's out there as a all-in winner.

I mean, with rates going so high, cashflow is obviously a harder strategy with any acquisitions. So even when you've got things like service accommodation, apartments or HMOs, which normally would be your go-to. The good thing about HMOs at the minute is the market's stronger than it's ever been.

The downside of that is everyone's going to get high on their own supply, go on this bullish curve with the market that we saw back in post-financial crisis. Everything's letting... We had tenants queuing up for HMO rooms before the property was even refurbished, which sounds crazy.

One property, Florence Street in Lincoln, we never even refurbished it. There was tenants queuing up at the gate to take a bedroom for 350 quid a month with swirly 70s carpet. And you just think, I can see the same happening again where you're getting strong rents, you're getting strong occupancies.

Granted, you've got more expensive utility bills now and definitely got more expensive mortgages, but I can definitely see the appeal of HMOs. The problem is, you've got such high capital upfront expenditure, hundreds of thousands of pounds, deposits, refurbs, et cetera, and you're riding in a strong market. I probably wouldn't go for that as a cashflow strategy anymore when you've got back-to-back leasing.

The aim of the game for cashflow is to cover your overheads. Cashflow is a profit and loss strategy. It's not a balance sheet strategy.

If you can do back-to-back leasing or even rent-to-rent, rent-to-service accommodation, do that in the current market. Because the downside is with these HMOs, yes, they make good cashflow, but they have a high capital input when the market turns, and it will turn. You and I remember times when you had the HMO agency.

People with HMOs at the minute are like, what's a void? What's it like when you have a void? It's like, well, I used to have 1,000 rooms around the UK, and we could have months where we'd have 100-plus voids.

And if that happens coming up to November, it's quite possible those rooms will stay empty till January, February. Do you remember those times?

[Speaker 3] (51:40 - 51:41)

Yeah, absolutely, yeah.

[Daniel Hill] (51:41 - 52:19)

But people who are new to it don't remember that. Oh, that never happened. We were always full.

Well, you're always full because you've got brand new stock. The market's hot. In three to five years' time, the stock's going to be tired.

Other people are going to be new competition to the market. And when help to buy comes back around, first-time buyers get going again, perhaps the demand and supply mechanism changes. All of a sudden, you've got voids, and you have got 5.5% or 7% mortgage rates. I wouldn't go into it for a cash flow strategy. I'd stick to back-to-back leasing, control the assets rather than own them. That's what I'd be doing.

[Mark Barrett] (52:19 - 52:35)

Because you can also add leases, option purchase, sorry, a purchase option on it as well. So there's potential ways to control that. So just moving on then to the cash flow as a profit play, what would you suggest on that?

[Daniel Hill] (52:35 - 56:08)

So again, in the current market, it's very unique. And I wouldn't have recommended this a year ago or two years ago. But in the current market, I would say the risk is in the exit.

So the risk is in the asset ownership and the finance. If you're using money or you're owning assets, the risk is in the cost of the finance and the exit of the asset. So if you're doing build to sell developments at the minute, I would say it's quite a risky place to be.

Whereas two years ago, even a year ago, 18 months ago, when the market was buzzing, you just thought the last thing you've got to worry about is selling this stock. The thing you've got to worry about is builders are busy, labor costs are high, material costs are high, land costs are high, conveyance in time is long. You'd have these other issues, but it definitely wasn't the exit.

The issue with build to sell is the exit. If you end up developing 10 million pounds of houses or even a 500 grand flip and you can't sell it, unless it's in the staple, well, select market where you could refinance and rent it, which isn't going to, in many cases, isn't going to be the best stock to be doing flips on. You want to be doing it on half a million pound residential houses where people are paying over the odds for the heated tower radiators and the name of the building, you know, all that stuff.

That's the issue. So I would say in the current market, you don't really want to be doing all that because the risk is in the exit and in the finance. So I would, again, apply a similar exercise where how can you make lumps of cash from deals you don't own?

So anything you can do where you can create value by facilitating a transaction on something you don't have to put cash up to buy. So lots of options. One would be what you just said there, lease option, or even just an option.

Take an option on a plot of land, put planning on it, spend 100 grand, put planning on it, flip it for 2 million quid. Happy days. You didn't have to buy it.

You didn't have to put the cash up. You just facilitate the deal. Anything you can put an option on.

So if you can flip on an option, great, you know, that would work. If you can do the rent to rent or back to back leasing and put an option on it and then flip it, fantastic. Other things would be like brokering deals.

So if you can sit in the middle like you are now, you know that in the current market, these deals are fantastic. There's people out there like me that have got cash, want to do deals, but just don't have the time. You can sit in the middle and you can make, you know, 20, 30, 50, 100 grand a deal just sitting in the middle.

Join ventures. You know, if you're confident doing a deal, you don't have to use development finance or bridging finance. You could bring an investor in and you could do buy cash, develop cash, ideally refinance rather than sell.

In fact, that would be more of an asset play. You would need to sell to get it to be a profit play or deal packaging, which is what we just talked about there. Consultancy.

So if you know how to do something, just because you don't want to go and do 500 grand HMOs nowadays, which I certainly wouldn't, I know how to do it in my sleep. As the you, you could go and mentor somebody else who wants to do it. You know, somebody comes to you.

I've just bought my first HMO. Can you guide me through it? Yeah, absolutely.

It's 100 grand build. I'll project manage it for 10 grand. I'll teach you along the way.

You make money from what you know, the value you can add without actually putting the cash up. They are the profit strategies, really. Deal brokering, consultancy, and...

[Mark Barrett] (56:08 - 56:10)

The options assisted sale type.

[Daniel Hill] (56:11 - 56:28)

Exactly, yeah. Assisted sales would be another great example. The stuff on the market.

That hasn't got a kitchen. It's not mortgageable. It hasn't sold.

Go to the agent, put an option on it. Spend 10 grand, 2 grand putting a kitchen in, flip it, and then you do a deal with the seller. You get, you know, whatever.

[Mark Barrett] (56:28 - 56:30)

Yeah. And then lastly, assets.

[Daniel Hill] (56:32 - 59:58)

So assets, I would say... So the thing with assets is you do need to own the asset. And I would say probably two strategies.

One would be exactly what you're doing. Buying single letter property. Ideally in a motivated market.

You know, stuff that hasn't got kitchens, structure issues, Japanese knotweed, or even just open market value. If you can get the numbers to work. Buying single lets, and then leasing them for five years, all day long.

No brainer. That would be one. Second would be the same strategy, but on mass.

So buying all the portfolios or blocks of flats. Lots of flats I think are a great deal right now, especially if you can buy cash. So freehold to leasehold strategy.

Buying tired blocks where you can use section 13 notices. I've done these. I find them really lucrative.

Work really well. Buy it. Increase the, either increase the rents immediately or probably both.

Increase the rents immediately. I've got my, one of my business partners got a block of flats he wants to sell. And I did my own rent appraisal and he's renting the flats at like 375 quid a month.

I reckon they're worth 550. But he, in his head, but he doesn't know that because he lives in Turkey. He hasn't, he's not up to speed with the local market.

Lots of landlords are in that case. And also landlords who are pretty cash rich, and I've fallen victim to this myself, don't increase rents when they should. Now I had my Duke Street block of apartments on similar rents, 375 quid for ages.

And what, you could increase them on the purchase, but then also as the tenants move out, which is what I actually did, was as the tenants move out, do a little refurb, repaint it, get the uplift from it being a more desirable unit, plus the market uplift. And you do go from, on those apartments, we've gone from 350, 375 over a couple of years up to 550, 575 now, which is just crazy. And when I bought the block for like, I don't know what it pays for it, maybe 45 grand an apartment and you're renting them out at seven, eight grand a year.

It's just, no, it's absolutely no brainer. So blocks of apartments, freehold to leasehold, section 13 rent increases. And then also you can, if you turbocharge it by buying it below market value and putting a lease on it, like we've done with all of ours, pretty much all of ours, that's a no brainer.

I would say that's one strategy. And then the second would be, if you want to be more capital intensive, you can create equity doing MAPD. So at the minute, it's up to 1500 square meters.

That would basically allow you to do probably up to about 30 apartments by the block, commercial markets down by, by that probably cash because commercial finance is expensive at the minute. If you get the right deal, that shouldn't stop you by cash. Use MAPD to develop it.

I would do high density, one bed apartments under PD. So you don't need to worry about parking density unit split between one beds, two beds, three beds. And high density, one beds.

And then I would put it on a lease with a five year operator. And you just, you need to have capital. You need to know how to develop.

You need to be, you need to earn your stripes. But that is, you know, you will make half a million pound, million pound, a couple of million pound a year, just doing that strategy. And then once you refinance out, you put it on a five year fix.

You're absolutely laughing.

[Mark Barrett] (59:59 - 1:00:12)

Amazing. And one of the other things you've been talking about a lot was the adding value in Article 4 to HMOs in Article 4 areas. And we had Tom on last month talking about exactly that.

[Daniel Hill] (1:00:12 - 1:02:13)

Yeah, so that could be, again, a good asset strategy if you could exit, which again, would be quite challenging. The minute could be a profit strategy. But one of the strategies we taught during lockdown was going using existing HMOs in Article 4 areas.

Logic being in Article 4 area, you get higher commercial value. So those rooms in Nottingham are worth 50, 60, 75 grand per room. Because it's Article 4, nobody else is doing it.

So the supply is capped. But with permitted development, you can go from a four bed C4, within the C4 category, you can go from three bed up to six bed under permitted development. So you can do an Article 4 area, buy a four bed.

I mean, in some cases, some of the property entrepreneurs since we've taught this have gone and, I suppose one the other day, he's bought a four bed with a lounge, a dining room and a kitchen and bought it for say 200 grand, 50 grand a room. He's put two stud walls up, one in the lounge, one in the dining room, which cost him two grand each, cost him four grand. Those lounge and dining room are now worth 60 grand each.

In fact, they're probably worth more like 70, 80 grand because it's a student one. He spent four grand. He's made himself over 100 grand because it's a six bed and it's just an absolute, you know, absolutely no brainer.

And you can go to seven beds also. I would develop it as a seven bed and we've done lots of these. Develop it as a seven bed, go from four beds to six beds under PD, run it like that for a year.

Excuse me. Thank you. Run it like that for a year or so and then put in applications to go from C4 six bed to generous seven bed.

And again, touch wood, we've had 100% success rate of going from six to seven, whereas four to seven would probably be a push and going from a house to anything would not be able to do in an article four area. And the money on those, I'm assuming Tom's made crazy money.

[Mark Barrett] (1:02:14 - 1:02:15)

Yeah, yeah, yeah, yeah.

[Daniel Hill] (1:02:15 - 1:02:17)

So it actually works.

[Mark Barrett] (1:02:18 - 1:02:25)

Yeah, amazing. So thank you so much for your time and all the best in the manor house and for 2024.

[Daniel Hill] (1:02:25 - 1:02:41)

Thank you very much. Congratulations again. Two years deals, deals, deals.

Yeah, keep doing what you're doing. They're always great to listen to. And I hope I hope people get genuine value, inspiration and then actually go out and execute it because there's deals to be done.

There's money to be made. And anyone who's listened to this who hasn't done that yet, go out and pull the trigger.

[Mark Barrett] (1:02:42 - 1:02:43)

Thanks, Dan.

[Daniel Hill] (1:02:43 - 1:03:30)

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