**TBP 226 Edited\_Transcription**

[Daniel Hill] (0:06 - 0:46)

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 via 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.

[Mark Barrett] (0:51 - 1:07)

Hi, I'd like to give a very warm welcome to my guest who is Steve Hammond. Hey Steve, how are you doing? Good, thank you.

You? Yeah, very good. So congratulations.

You just completed the three peaks that we can't as well.

[Steve Hammond] (1:07 - 2:01)

Yeah. I really enjoyed hating every minute of it and, you know, I probably should have done a little bit more training. I don't think a walk up the Clint Hills and then a walk up the Morven Hills was quite enough.

And, you know, it was hard, but I have to say the people who are on it just made it brilliant. And just the experience of doing that as a group. It's an awesome experience and, you know, it's made me actually want to do other things like that, other things that affect you physically, mentally.

You know, there were points, don't get me wrong, while you're going up the hill, you know, step, climb, step, climb, step, climb, scramble, it's just like, oh my God, I could just stop now. You know, but once you're done, you're just like, that was brilliant. And you look back at it and think, really, really enjoyed it.

[Mark Barrett] (2:02 - 2:03)

Yeah. Huge congratulations.

[Steve Hammond] (2:04 - 2:06)

And obviously raised some decent money as well.

[Mark Barrett] (2:06 - 2:25)

Yeah. So, yeah, as a group, Property Entrepreneur, we're doing the Get Up and Give Back campaign. I think this is our fifth year and it's brought a seat of five charities.

So if you do know Steve and you want to sponsor him, we'll also put his details for you.

[Steve Hammond] (2:29 - 2:35)

Really pleased with how we're getting on with it as well. You know, I've managed to raise six and a half thousand nearly.

[Mark Barrett] (2:35 - 2:36)

Amazing. Yeah.

[Steve Hammond] (2:37 - 2:45)

The more people, the better. It's for five cancer related charities. Cancer pretty much touches all of us.

[Mark Barrett] (2:46 - 2:55)

Yeah. Yeah, it certainly does. Certainly does.

So for anybody that doesn't know you, obviously they know you've done three peaks, but apart from that, do you want to just tell us a bit about yourself?

[Steve Hammond] (2:56 - 3:19)

Yeah. So I'm Steve Hammond. I am married.

I've got two kids. I live in a place called Hagley, just outside of Birmingham. And I was born in Birmingham, but I moved away for quite a few years and then moved back.

I sort of say I'm a builder, developer and landlord and co-host of the Developers Network Birmingham.

[Mark Barrett] (3:19 - 3:27)

Very good. Very good. So tell us, like your early, early career, just as a bit of background, what did you start out doing?

[Steve Hammond] (3:28 - 5:25)

My first job was actually at Rolls-Royce Motorcars and, you know, I was pretty lucky. The part that I worked in was a part called Molina Park Ward and we used to make bespoke motorcars. We used to have to sign the Secrets Act to not tell who our customers were and things like that.

Wow. But, you know, we made some amazing cars, but more importantly for me, I got the opportunity to do a much wider role than any of the other graduates. So whilst they moved around within the company, I didn't want to, I stayed where I was.

And it gave me the opportunity to organise things like auto shows and events and do brochures and a place called The Galleries where, you know, cars are displayed and features. And basically we used to make bespoke cars. But one of the best things was I organised the LA Auto Show and because it's over New Year, a lot of the directors didn't want to go and I said I would do it, but I'd like to take Richard, who is a designer, with me and we'll design cars on the stand.

And we basically, because we were early 20s, we created a lot of interest and this PR guy took a liking to us and he organised TV interviews and lots of different things for us. And he also got us along to lots of parties. So, you know, with people like Arnold Schwarzenegger and Jerry Seinfeld and Nicolas Cage, Prince Nazeem.

I had Nicolas Cage standing in the queue waiting to chat to me and ask me about Rolls Royces and Bentleys. And, you know, it was just a really amazing experience. And my second job, I wanted to move on from there because even though I really enjoyed the job, it was only ever going to be a job.

I wanted to be more than that. And so I got a position setting up a design agency for, setting up a London office for a design agency that was based up north.

[Speaker 4] (5:25 - 5:25)

OK.

[Steve Hammond] (5:26 - 7:07)

And so I moved to London and started finding clients to bring to this agency and to bring to the office. And I introduced a massive client list. Still remember the list now, Dixon Stores Group, Woolworths, Canon, Philips, New Look, Marantz, Miss Selfridge, British Holidays, Birmingham Council, Thompson Holidays, Virgin Holidays, Shell.

Quite a big list. And, you know, we did pretty well. But again, I started getting the two year each and I then got an opportunity within IT technology project management.

And the company I was working for, you know, we relocated banks and things like that and, you know, moved CSFB and Citigroup to Canary Wharf. But again, I got the itch again and wanted to set up my own business. And I thought about lots of different ways.

And one of the ones that popped up in my head was setting up a gym. But the more I researched it, the more I realized I didn't have eight hundred thousand to a million quid to set it up. So my wife was a teacher.

She wasn't my wife. She was my girlfriend at the time. But my girlfriend was a teacher and thought to myself, what about children's nursery?

Because I was thinking about the gym and having a crash within the gym and targeting mothers. And I thought, what about children's nursery? So I left my job.

And when I worked in a nursery for a couple of weeks, at the same time, I was buying a couple of houses and I was buying those two houses to then build a hundred square meters around them and convert them into a children's nursery.

[Mark Barrett] (7:08 - 7:10)

Where was this then?

[Steve Hammond] (7:10 - 8:09)

It's in Birmingham. So we looked around London and we looked around the outskirts of London and it was just way too expensive to buy a property big enough to take. I'd worked at forty nine places is the optimum number because based upon floor ratios and adult to children ratios.

And I found these two houses in Edgbaston in Birmingham and so bought those. And when I got planning and then got planning and really close literally to the wire with everything. And I guess if I look back.

Knowing what I know now, I wouldn't have set it up. I didn't have enough money. I didn't have enough experience.

I didn't have enough knowledge. But I always got just there just in time. I remember if I hadn't got planning by the 29th.

So we started in the June. I hadn't got planning and planning wasn't was being delayed, delayed.

[Mark Barrett] (8:10 - 8:12)

And nothing's changed there.

[Steve Hammond] (8:13 - 11:41)

And if I hadn't got planning by the October the 30th, I was going to lose the grant. And this grant was an amazing grant that I didn't know about when I was planning to set it up. But I came across it, applied for it and got it.

And if I hadn't got it by October the 30th, then they weren't going to give me the grant. So I literally went and sat outside the planning office and bugged the hell out of the planning officer and got it. And then if we weren't open by April the 1st, then we weren't going to get the grant either.

So I had all these deadlines to work to. Luckily, this grant was just what we needed to set up, because if I hadn't got it, I'd have been in a world of mess. But sometimes you wouldn't go and do these things if you knew what you were doing.

And then we set up as a neighbourhood nursery. That was what the grant was, which was like a hub of the community. And when I'd applied to get the grant, they were really surprised how I'd gone about it.

I'd knocked all the doors in the area and I knew where all the kids were. I'd got all their details and I'd done lots of research and figured out all these things. And they were like, normally it's a nursery nurse who sets up a nursery and doesn't know these things.

And they asked us if we wanted to be a children's centre. And we were the only privately owned children's centre in the Midlands. And they offered us other children's centres.

But it was about that time that we started having a family. And really, my wife's priority became family. But interestingly, my wife would run the nursery, but I would do the strategy and the finance.

But that many people stopped while we were doing the work and parents who came to the nursery and asked me if I would do some building work for them. And this was back in 2003. And I thought to myself, you know what, I've got nothing else lined up.

I might become a builder for a bit. And so I remember my first project, you know, I said to the guy, you know, what quotes have you had? Can I see them?

And I'll match. And he said, yeah, OK, he showed me the quote. I remember it's 14,000, so cheap an extension could be done.

And, you know, that was my first extension. And then, you know, grew a business doing extensions, refurbs and renovations and, you know, built a team and we created a really good process of particularly we spent a lot of years in these four roads just doing the same extension. I'd be building it in four to six weeks and do it, picking out the inside in four to six weeks.

I had two teams. Literally, I would just walk between the projects and then, you know, start building the team from there. And we started doing commercial projects and larger projects.

And around 2010, we sold the nursery and because it was either I was going to have to focus on managing the nursery or I was going to have to focus on doing building. And I thought, well, I have more experience personally in doing building. And by that stage, I realized.

I was probably above average with it in terms of, you know, most builders will say, well, that's how I've always done it, whereas I will always look at best practice.

[Speaker 5] (11:42 - 11:42)

Yeah.

[Steve Hammond] (11:42 - 11:53)

You know, I won't listen to how somebody tells me how it should be. I will look at best practice, whereas apprentices just learn what they're shown. Yeah, yeah.

That's how they're always doing it. They can't change.

[Speaker 4] (11:53 - 11:54)

That's a good mindset. Yeah.

[Steve Hammond] (11:55 - 13:15)

You know, and I've never, it's always baffled me why builders won't read instructions. You know, how do you, how do they think they know better than instructions from the manufacturer who made them? And so I thought to myself, I think that I should focus on building.

So we sold the nursery and my intention was to do, you know, something with that money that we got from the nursery. We bought our house. But then seven years later, I looked and thought, I've just carried on being a builder.

Yes, I built a portfolio of properties as well. I'd buy one every sort of few months and I had a decent rent coming in. But I realized I wanted to do something more.

Yeah. And I was doing 12 insurance jobs at the time, six extensions and a few house refurbs. And it was getting a little bit too much and I couldn't emulate myself across all the jobs.

And, you know, it was just, it was taking over every minute of every day. And I went on holiday and I remember it was New Year and I was sitting on the balcony just trying to work out what I wanted to do. Because I didn't want to make the lads redundant.

I wanted to come up with an idea that would still keep the guys going and make me happier.

[Speaker 4] (13:15 - 13:15)

Yeah.

[Steve Hammond] (13:15 - 13:38)

And I thought, what about development? So when I got back from holiday, I took a week off and looked at a few sites and basically said, I want that one. And the site was an old petrol station and it had outlying planning for 14 apartments.

[Mark Barrett] (13:39 - 13:42)

So you picked something easier being at an old petrol station. Yeah.

[Steve Hammond] (13:43 - 18:24)

There's a sort of model coming here. I never pick anything easy. I decided I didn't like the planning it had.

And I wanted to get a one-way system on the road. So I didn't know how to get planning and I didn't know you needed things like planning consultants and stuff like that. So I just spoke to planning myself and took on an architect to redesign it with me.

But agreed with the planning officer that we would go for a one-way system on the road. And he told me it'd be about 15,000 and I thought, yeah, brilliant. So didn't know it'd take me a year to get all the planning.

So I lost a whole year doing that and it actually came back 60,000 and I said, you told me it'd be 15. He said, I didn't. That's when I realised the council lies to you too.

But anyway, we got planning, we got underway and it was a massive learning curve because I wasn't scared of building it. It was all the other things. I've never done utilities.

I didn't know anything about compartmentalisation warranties. I didn't know about, you know, reserve matters and, you know, section 106's and section 278's agreements and, you know, everything else that you have to learn with development. And I was also, I was the site manager, the project manager, the funder, the organiser, the cleaner, the health and safety inspector.

You know, it was relentless and I have to say, we turned out an absolutely awesome job, but I didn't know how to keep them. So we had to sell them and we built them and I'm really proud of them because I look at them in comparison to the persimmon ones around the corner. And literally, we'd sold them all before we'd even started plasterboarding because when I showed people around, I showed them how we've gone about it and how we're compartmentalising.

And I designed it so every flat was separated by a cavity wall. And, you know, we thought about so many things that people would say, I can't believe how good this is in comparison to the persimmon one around the corner. And even though the persimmon one was better located, I was just beat it hands down.

I put a proper kitchen in there, nice bathroom, you know, a good size. Everything was, you know, really good about it and managed to go through that process. And it was learning as well because the first one, the agents told me I should be aiming for 132,000 a flat.

First one I sold, third person I showed around. And they also didn't want me to be part of showing around, but I wanted to be a part of it. First one I sold was 132, second one was 134, third one was 137, next one was 140, next one was 142.

I just kept upping the price every single time for the next one. And if I'd have listened to myself at the very beginning, I'd have started in the 140s. So that was a lesson for me to just listen to myself, listen to my own instincts.

And then COVID hit, I had about three weeks left to go. And COVID hit, I was at max borrowing. And, you know, one day I had 25 people on site, the next day I had four.

And building could carry on. All the lads were like, oh, we're getting this furlough. And then they started to realize they weren't getting furlough because a lot of the subcontractors were self-employed.

And so they started drifting back over the course of two or three weeks. And we finished during COVID and literally finished a week before the first lockdown finished. And the first two apartments went through on May the 12th, the first day you could actually buy something.

And the rest went through over the next two or three months. And, but the hardest bit was, I'd got 58 utilities and the first person who moved in, all of the utilities were pointing to her name. And so then I had to redo all the readings and you try getting through to the utility companies straight after COVID because they weren't set up to work from home.

And the second person moved in, they were all pointing to that person's name. I'm like, are you kidding me? It was the most complicated spreadsheet I think I've ever had to put together with all those different readings from start, end read, start, end read, start, end read.

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

Yeah.

[Steve Hammond] (18:26 - 18:28)

And, but brilliant experience.

[Mark Barrett] (18:28 - 18:38)

So Steve, just to bring you around then onto Property Entrepreneur, when did you, when did, how did that come about? Was it a couple of years ago?

[Steve Hammond] (18:39 - 21:08)

Yeah, so I'm on the advanced and I joined the program in the, is it October, October last year, not last year, the year before. Yeah, 22, yeah. I used to go to pin meetings and Dan Norman used to host them and I watched Dan Norman and some of the other people in his first year.

I asked Dan quite a few times, what does he think? And I was looking for that next step from Whitebox. Um, what I really liked the look of was systemize and scale, grow your business, build your empire, set up your financial fortress.

I wanted to understand that. And again, I did the three day blueprint, absolutely no intention of joining Mastermind and same sort of scenario. Again, I looked at the people in the room, I looked at, you know, the guys that were doing it, Adam, Josh, Dan, and thought to myself, I need that around me for a while.

And, you know, that's a step in a new direction. Again, Whitebox is if you want to do developments, that's the place to go. If you want to systemize and scale, probably entrepreneur.

And so it was perfect for me at that point in time. And I've been on it nearly a full two years now. I've got loads from it.

I guess the thing for me is I knew quite a lot of it anyway. I've always done a lot of my own research. So it's incremental gains rather than massive gains.

Yeah. And but as much as anything, it's not it's not the business part that I've probably benefited from most. It's the mindset.

It's the spending that time doing the strategy, spending that time, as they call it, in the cave, making time for family stuff, which I'm not the best at, and making sure that, you know, you've got your financial fortress in place, listening to people on how they've set theirs up and things like that. It's gold to learn all that sort of stuff. And, you know, so and then doing things like the National Three Peaks and the Get Up, Give Back, you know, I've never done a charity thing before, but I've embraced it.

And, you know, I'm a little bit competitive. And so I like the fact that, you know, I'm one of the highest fundraisers and I can't help but have a quick look, see where I'm at, whether I'm first or second.

[Mark Barrett] (21:08 - 21:15)

Very good. Yeah. So we talk about wealth dynamics as well.

So what is your profile?

[Steve Hammond] (21:16 - 21:51)

So I'm a star. So when I first did it, Dynamo is at the top of the box, if you like, and Dynamo start things, make things happen, galvanize everybody in the direction of, you know, travel, motivate people. And that is me to a T.

And then I lose a bit of interest. I'm not a particularly systems and processes oriented person. But strangely, when I first did it, Shane bet me I would be a steal.

And because I am detail oriented, because I make myself, it doesn't mean that I am in my flow.

[Daniel Hill] (21:54 - 22:44)

Jumping in quickly, every week I get messages through my direct message on social media from people asking how do they learn more about the Property Entrepreneur Blueprint? Do we do private mentoring and what courses do we run? All of our courses are currently oversubscribed and we only open our doors once a year in October.

However, what we do through the summer is a three day blueprint event. So go to www.donttalktotenants.co.uk now to learn the blueprint that we teach on these three days to show you start to finish how to build a seven figure net wealth and six figure income from a property business you work on rather than in. If you're serious about achieving genuine financial independence and generational wealth for your family, go to www.donttalktotenants.co.uk now for the dates of this year's annual events with 100% money back guarantee. Let's get back to the podcast.

[Mark Barrett] (22:47 - 22:52)

So what's your focus as far as your like strategies now that you're working on?

[Steve Hammond] (22:53 - 26:29)

Last year was a really difficult year for me. And, you know, we can talk, we'll be talking about the Barnes in a minute. And, you know, I hadn't sold one of the Barnes hadn't sold and I bought another project.

And funnily enough, the very first property entrepreneur, Dan, got up and talked about the bounce back boom and what you should and shouldn't do. And that's one of the great things about property entrepreneurs, listening to someone who knows lots about economics and knows how to read the signs and what should happen. And he's proven lots of times to be correct.

His exact words were, don't buy on a breach, don't buy in an auction and don't buy at the premium end. All three of which I'd done a farmhouse in an auction, hadn't got the money to buy. I just got the 50 grand in my bank, but I needed to put the deposit down and it was literally the week Liz Trust threw away the economy.

And so I got a brilliant price with it. Don't get me wrong, but it was not the right time to be doing that in hindsight. However, perseverance gets you through it.

But the barn, you see, was meant to sell and that was meant to fund or clear the breach. Yeah, well, the barn literally only sold four days ago and 18 months. So I was essentially having to cover it.

Yeah. Yeah, that has really impact the profit on the project we're on. But, you know, last year I had so many plates spinning and the biggest plate that I really had to concentrate on was funding.

And so other plates started to wobble, particularly production. So I build my build team. You know, we went from a team of, you know, high teens, sort of, you know, nearly 20 down to eight.

But I couldn't keep all of those plates spinning. Yeah, yeah. And I couldn't keep my pipeline in place either, because I was constantly forever trying to manage cash flow.

And when the barn, so I had two people, two sales for a hurdle on the way. And then the last sale was last September. Agreed a price.

I agreed a lower price and for a fast sale. It took seven months, seven months to go through. That wasn't because there was a complication with the barn.

It was because she realized that she owned a flat. It wasn't meant to be a linked purchase, but she owned a flat and asked, would it be OK if I transfer this flat into a company? Save myself the stamp duty, which will save her 22,000.

She had to pay six to transfer it over, so she was going to be 16 better off. I said, that's OK as long as it happens quick. Yeah, it happened quick because it's my flat, her flat.

It's to a company, which is her company. Should be no issue. Wrong.

And their solicitors were awful. And it's taken seven months and for seven months, it'll be done next week. It'll be done next week.

It'll be done next week. So I never borrowed big enough to cover months. I just kept borrowing 20 here and 40 there and 50 there.

And it was constantly chasing getting more money. And so that's took my eye off the ball.

[Speaker 5] (26:29 - 26:29)

Yeah.

[Steve Hammond] (26:30 - 26:47)

So this year for me has been about trying to get that straight. Yeah. I call it world class team and national level systems and processes because I'm not really a system and process person.

So regional level and national level will do for me. But I need world class people around me.

[Mark Barrett] (26:48 - 27:03)

That's good. So should we actually go through then the project? So you've just alluded, you've just sold one.

So let's kind of like go through that and then we can maybe touch on your current project as well, which you've got some good news on as well.

[Steve Hammond] (27:03 - 29:06)

Yes. So the barn, um, I followed the barn for about 15 months before I actually got it. And, uh, it was on the market for 500,000 and I offered four and it went for four, seven, five, I think.

And then it came back on the market and I offered four. And I believe it went for four 50 and then I think he came back on the market again. I offered four, went for four 20, I think.

Um, and then I was at one of Dan Norman's pin events and Dan said to me, I found some people who have just bought a barn. I said, okay. And they're looking for a builder.

So I went and chatted with them. Turned out to be the Utrecht farm barn and they secured it for 402, 2000 pound more than I'd offered. And I was really, you know, so, um, when I chatted with them and they, they didn't have any funding, they were looking to raise the funding and they had no experience of development, particularly barn conversions.

And the more we talked, the more, well, we agreed to do it together, but the more we talked, the more we both realized that it probably wouldn't be the right thing for us to do it together. They were more interested in HMOs and, you know, uh, less risky projects. And I agreed to essentially buy the project off them, but this was a COVID and COVID had happened and with a barn, it had class Q and class Q is a prior approval or a permitted development, if you like, to convert a barn to residential.

Has a number of, you know, qualification criteria. So, you know, you're going to get it, but also it has a number of restrictions, what you can and can't do. And one of those restrictions is it has to be built within three years of actually having your prior approval.

[Speaker 4] (29:07 - 29:07)

Yeah.

[Steve Hammond] (29:08 - 31:07)

Bear in mind, first lockdown was March, April, where it had to be completed by November, which I knew wasn't going to happen. So during COVID, the agent obviously had his furlough, didn't bother communicating. So I found out who the owners were and I went to talk to them and I said, look, we're in a bit of a pickle now, really never use the word pickle, but, you know, a bit of a mess now, really, because I can't build this by the time the planning was out, so you haven't got anything.

So I thought about that sort of analogy of when you're talking to a child, do you tell them to put a coat on or do you ask them which coat they want to put on, the red or the blue one? And so I said, you've got three choices, really. I can help you to get planning and I'll still stand by the 400 and 2,000, but you have to pay the 10 to 15,000 that it will take to get planning.

Or we can work together and I'll give you 500,000 and you essentially vendor fund the project or I'll take it for 350, as it is, and I'll take the risk myself and I knew she wanted to get read, I could tell, and she just said, take it for 350, that'll do. So we've got an absolute bargain, to be fair. And I then went and got planning, or, you know, Basque, I wanted to change it anyway, because they had Basque for three, two beds.

I wanted to make it two, three beds initially, because I'd read the town plan and the town plan was desperate for three bed houses, but I decided to make it a four bed, two four beds in the end. And I didn't know what they were going to look like, the more I worked on it, the more I started to realise I wanted to make them industrial. And essentially, you know, when I finished the apartments, it took me till about September, October to get planning, I think.

And then we started in about the January, because I had other projects to finish, customer projects. Then we got underway.

[Mark Barrett] (31:10 - 31:13)

You did them as four, what kind of sizes were there?

[Steve Hammond] (31:14 - 31:16)

150 square metres each.

[Mark Barrett] (31:16 - 31:17)

Oh, they were good then, good sizes.

[Steve Hammond] (31:17 - 36:05)

They were decent sizes. It evolved into an environmentally friendly barn as well. So a high standard of insulation, high standard of air tightness.

You have a high standard of insulation because there was no gas. And I decided to go air source heat pump. So to make air source heat pump work, you need a high standard of air tightness and insulation.

If you've got a high standard of air tightness, there's stale air and you have to move it, so you have to have an NVHR system. And to make all that useful, you have underfloor heating. Because we're in the country, we had a marsh sewage treatment plant.

And then all of a sudden, you wrap all those things together and you've created this environmentally friendly barn. And the idea sort of came out of the apartments, because the air tightness lady, bear in mind, I knew nothing about making air tightness. She said, what we need to do is just fill every hole, seal around the ceilings, do this, do that, picture frame the plasterboard.

And I did it. And she air tested it and said, you've got 1.5. And I said, that's good, isn't it? 10 is building rigs.

Five is recommended. Three is ideal. And one is passive house.

Well, we got nearly passive house standard. Amazing. Well, I only did what you told me to do.

She said, well, obviously nobody else ever does, because nobody gets 1.5. And just gave me the idea, because we just did it properly, which is what we're all about. I realized that actually I should do the environmentally friendly stuff, because it's all about doing things properly. And making sure you fill holes and making sure you block everything off and tape everything and do the things you're supposed to do.

So the environmentally friendly barn idea came along. The industrial look and feel came from my architect suggested a metal roof, and I embraced that idea. I wanted it to look like the original barn.

And I have to say, I'm really proud of what we did there. The acclaim that's came has been amazing. We've done podcasts, interviews.

You know, people have been putting it on there. People have been following it. We had the first one.

We had an open day. And the first one went on the open day, even before we'd actually started inside. So that was great.

And she went through to fruition. Whereas the other barn, we didn't get anyone for a couple of months. Then we had someone.

They missed us about for a few months. Then we didn't have anyone for a few months. Then somebody else missed us about for a few months.

It's just been a long saga of people messing about. And so a big lesson from that is have things timed, set dates, milestones, and have implications for not achieving them. Because if you don't set a date, you've got nothing to target.

And if you don't have an implication, it's pointless setting a date. Big lesson for me, that is. The build of the barn was a massive learning curve because we had lots of problems, as you do with anything.

I was telling somebody about this the other evening. We had a breaking into our containers, had all our stuff stolen. We had another break into some of the vans.

The utilities were a nightmare. The first company we employed to do it ran off with some money. I finally got that back.

And then the second company took so long to get the application in that we virtually finished. And we went about three or four weeks off finishing. And they finally got a date, June the 6th, I remember.

That was when the install was finally going to happen. And it was going to happen in the run up to that. We were going to complete on the end of June.

And the two people were going to move in. In the run up to that, they dug all the road. They had to mould 650 meters.

That's another thing to learn about barns. The water is not outside. It was 650 meters down the road.

They mould down the road, shut the road, which was a nightmare to get. And then the day before the connection, I said, how are we doing with 7Trent? I said, let me check.

Came back and said, we actually haven't informed 7Trent. We're going to have to close up the hole, open up the road. We're going to have to apply all over again.

It took three months. And I hounded the council, even to the point where I got to know them really well. And I went to their offices to sign all the documents and all that sort of stuff.

And, you know, I think just everybody knew me in that whole department. And, you know, because I phoned them every day. How are we doing?

How are we doing? How are we doing?

[Mark Barrett] (36:06 - 36:08)

I think utilities can be one of the most frustrating things.

[Steve Hammond] (36:09 - 36:09)

Yeah.

[Mark Barrett] (36:09 - 36:10)

Yeah.

[Steve Hammond] (36:10 - 36:39)

Another lesson, utilities, start them early. Yeah. And, you know, and even we had things like the person who did the roof, he fell off someone else's roof and died.

Oh, my goodness. We had to replace a whole section of the roof because he hadn't done it properly. And lots of lessons from that too.

But the end result was absolutely amazing. And we, as you say, completed on the second one on Friday last week while I was doing the National Three Peaks, which was awesome.

[Mark Barrett] (36:40 - 36:43)

Fantastic. Can you just go through the headline numbers then on those?

[Steve Hammond] (36:43 - 37:11)

Yeah. So as I say, we bought it for $350 plus some costs. And we've spent around about, and I haven't finalized the figures, $700 to $750.

So let's call that $725. So a total cost of about $1.1 and sold for over $1.5. And essentially that's a 40% return on investment. Congratulations.

I'm pleased to be fair with you.

[Mark Barrett] (37:12 - 37:18)

Very good. And then that leads you then on to your next project, which is the lodge. Do you want to just give us an overview of that one?

[Steve Hammond] (37:19 - 37:21)

Yeah. So the lodge is opposite the barn, funnily enough.

[Mark Barrett] (37:21 - 37:21)

Okay.

[Steve Hammond] (37:24 - 39:25)

I tried to buy it numerous times. It's owned by Cancer Research. And I tried to buy it numerous times, and they weren't selling it.

And then all of a sudden an auction sign came up. And so I looked at it, and I watched all the G-wagons and Porsches and things pull up looking at this house. And I thought, no way that's going to sell for anything like what you could make money on.

And so I did a bit of research, not loads. What was it on? How much was it?

$500 guide price. And I hadn't seen a guide price. Anything go for guide price for years at that point.

There was one round the corner that had a guide price of five. It went for $750. I just knew it wasn't going to go for guide price.

And then Liz Trust came into power and made a bit of a mess. And the auction house that was selling it, they didn't advertise it very widely. And the auction was on a Friday evening, I think it was, which was the day Liz threw it away, on a Friday evening at the house.

So there was only about eight to 10 people there. And I went along. I purposefully made sure I got enough in the bank just in case.

And I thought to myself, you know what? If it goes for $450, I'm going to offer. Anything more, I'm not going to offer.

It went $400, $410, $420, $340, $445, going once, going twice. And I found my hand pop up and the words come out of my mouth, even though my brain was saying stop, stop. I found the words $450 come out and then panic set in.

And I looked around, waiting for somebody else to offer more, and nobody did. And then going once, twice, three times, and it was mine. I was like, oh, okay.

[Mark Barrett] (39:26 - 39:28)

What was the maximum price that you set yourself?

[Steve Hammond] (39:29 - 41:26)

$450. Right, okay. Dropped in for the last one.

And I didn't expect it to go $450. And that's all the money I had really. So I then said to the auctioneer, how does this work now?

And they're like, have you not read the pack? I was like, no. I was like, I've got my card.

And they're like, well, you're supposed to pay check. I said, I haven't got a checkbook. And they're like, well, how are you going to pay it then?

I said, well, my office is opposite. I'll run across there because I've got a metal office that we use on site. I'll run across there.

I'll make a transfer. And they said, brilliant. Okay, so I went across.

I could only make $25,000 transfer. And I said, well, I can do it with my wife. She said, it's too late to AML them, anti-money laundry.

It was after five. I was like, okay, what options then? I said, well, we can just leave it if you want.

And they're like, you can't? The hammer's gone down. I was like, oh.

And so I had to phone my wife. She came over with the checkbook, last check in the book. And so we filled that out.

And I said, silence, please, everyone, because I don't want to make a mistake on this. Filled the check out, and it was mine. And then this is the power of the networking.

I then phoned. It was 8 p.m. by this stage on a Friday. I phoned Scott Marshall, who owns Roma Finance, and I phoned Tom from Crow Property and asked them both if they'd lend me the money to do it, told them the principles of the deal.

And they both said yes. And so I actually got two hours sleep that night. Then I had to go about setting up an SPV and then transfer it from my name into the SPV, set up a bank account, and get the funding, and I had 28 days to do it.

And so that was a real hard thing then, obviously, to go and get planning.

[Mark Barrett] (41:27 - 41:50)

So let's just cover one point there. So for anybody who's looking at doing similar deals, the structure is an SPV is the special purpose vehicle, which basically is a standalone limited company. So you'd put down you as a buyer, and then during that process, it was going to go into your SPV, which is set up, which you can pretty much set up straight away, can't you?

You can do it online.

[Steve Hammond] (41:50 - 43:10)

Yeah, so you talk about how to set up an SPV. But setting up a bank account was harder because banks don't like the SPVs because you set up an SPV for each project, and the main reason for that is risk. And you want a nice, clean company, and you want to crystallize the profit from that and pass it back to your holding company.

But obviously, I hadn't fully prepared myself, so the only thing I had a choice for was to buy it in my name. And then you can, I can't remember the form, but then you fill out a form, you just do the transfer over to the company name once it's set it up. And luckily, I, again, networking, I know a business manager from NatWest who monitored my application and got it open within two weeks.

And so that was okay. So I had a bank account set up because you have to do the transfer from the bank account, even though it's come from me, into the bank account, so I had to do it that way. And Crow Property, I have to say, I went with them in the end, and they were really good at getting there quickly.

That's good. So yeah, and then went about trying to get planning. Now, again, this is all a learning curve.

I'd love to say I knew everything about planning.

[Mark Barrett] (43:10 - 43:18)

So when you could fund something, so it didn't have planning, so from a lending point of view, what launch value could you get at that point?

[Steve Hammond] (43:20 - 43:31)

I borrowed, I was aiming for $300,000, and I had a facility for $337,000, which actually gave me $292,000.

[Mark Barrett] (43:31 - 43:36)

Yeah. And they deducted the interest from day one.

[Steve Hammond] (43:36 - 44:07)

They deducted the interest and retained the interest from the staff. And I found that out on my first project, Red Hill. Luckily, I asked for a couple of hundred more just in case.

But then I had a bit more than 50. I can't remember exactly what I had now, but they lent me the difference then. No, I actually had the money.

I had the money, but it was still focused for the barn.

[Speaker 5] (44:07 - 44:07)

Yeah.

[Steve Hammond] (44:07 - 44:31)

So I could make that happen, but then get underway and figure out how to fund that differently. And so, yeah, so once that was done, went for planning. I didn't realize in the country you could only go 30% bigger than the original footprint of the house.

So I'd got these grand plans for- What size was the house?

[Mark Barrett] (44:31 - 44:35)

I think it was 180 meters. That's a good size, though.

[Steve Hammond] (44:35 - 46:18)

Yeah, and so it's a three bed, and I wanted to make it 250. And so how I had to go about it was go for planning permission for the two-story, which was 30% bigger, then go for a certificate of lawfulness for a single-story rear without the two-story extension, and then go for a certificate of lawfulness for the garage, and then essentially put those three things together and what you're looking for. So I got planning for the two-story and then got underway.

And because I didn't think that I had to have the certificate because it was a prior approval, I got underway with the rear extension as well. And we got turned down for the certificate for the rear extension. They wanted us- You can only go 50% of the width of the house, and this had just been missed by a few people.

And so I then just took the decision to go back for planning for an extra 150 mil on the extension, which then essentially gave me full planning for everything and managed to get it. But by this stage, we were well underway. And we're sort of on the finishing straight of that now.

The house is done. I embraced some of the environmentally friendly technologies, so air source heat pump, underfloor heating, high standard of insulation. We've got solar panels and battery storage on this one.

And the house won't be on the grid for three quarters of the year.

[Mark Barrett] (46:19 - 46:25)

Well, I see some of the socials that you've been posting on it. So, yeah, it looks good. Do you have the headline numbers on that one?

[Steve Hammond] (46:26 - 50:01)

Yeah, so I bought that for 450. I reckon I'll spend over 500 on it, and then I've got the cost of finance. So if the barn would have sold, it would have been a good 25% return on investment.

But because the barn didn't sell, I obviously had a lot of interest payments. And I think I'll make some money, but I don't think it'll be anything to write home about. I was worried because we weren't really getting anybody offering.

I think most people would say, I can't visualize it or the garden's not big enough because the back garden's not that big. And I had an offer for the asking price last week, subject to getting some additional land. Now, the whole farm was gifted to Cancer Research, and when I bought the farm, I asked to buy some more land, and they said, no.

I said, well, you've got sewage, a septic tank, and that's in the field at the back. You told me it was on site, and okay. And I need to be seven to 10 meters away with a sewage treatment plant.

And I will give you your piece of septic tank back if you give me enough to get on the land. And they said, okay. So they agreed three meters.

They wouldn't agree anymore. That was it, maximum. And I ended up putting the sewage treatment plant at the front anyway, and I knew I was going to, but I just wanted the extra leg garden.

And because I said no, I didn't think I'd get any, but there's a new person in charge. And during the utilities, I had to get permission to go through the field next door, et cetera. And I had to install the water as well, 450 meters away.

So I contacted them last week, this new person, and I explained to them that, you know, if I didn't get this extra bit of land, I could be in financial difficulty. I'm in the process of raising money for cancer-related charities, and I'm just about to do the National Three Peaks, drop that in there, to raise money for cancer research and things like that. And, you know, gave them all the sob story.

And then yesterday had agreement from them that we could have essentially 400 square meters. That's awesome. So I'm meeting after this, the guy who made the offer.

And if he does agree to go forward and he's funding, so he's buying it off me for asking price. He's funding the purchase of the additional land and the, you know, the making good of it. He'll benefit because it'll cost him way less than the extra land will be worth.

And I just made sure that I gave them a good offer. So I offered 20 times what the land was worth, but effectively the land was only worth as agricultural. So we offered them 20 times what it was worth.

And so I'm really pleased about that. I'm hoping there'll be good news. So that'll be in a week, I've gone from, you know, struggling a little bit to selling the barn to selling the lodge.

And just over the past few weeks, I've got all my next projects lined up anyway. And I have got funding lined up for those, but it'd be great to be able to use some of my own funds again. Very good.

[Mark Barrett] (50:02 - 50:15)

Yeah. And what's the asking on the lodge? 1.2. Okay, fantastic. Good. So that just brings on to top three tips. What would you say those would be?

[Steve Hammond] (50:16 - 52:55)

I've alluded to it a few times whilst we've been talking through this, but your network is your net worth. You know, surrounding yourself with people. You know, development can be a lonely place.

Like I said earlier, I had three objectives, investment, skills, and opportunities. And I've had all three from it. But more than anything, I've had support and good friends, friends that you can call up and say, you know, there's one guy that I've become a really good friend with.

Sometimes he's having a really bad day and he'll call me and he'll say, you made me feel so much better because your problems are bigger than mine. So it just supports you and keeps you, you know, going essentially. My second one is working hard is not the same as working smart.

Over the years, I've been brilliant at getting maximum out of people. You know, I can get 20 people's work out of 15 because I work hard. I'm their first.

I'm out last. I work harder than anyone. I'm the first in the hole.

I'll pull that out there. I'll do the jobs that nobody else wants to do. And you can do that as a builder.

You can't do that as a developer because there's too many plates that fall off if you do that. So I've had to get better at finding smarter ways to motivate people, to manage people. And I've had mixed results and I'm still learning.

But the key thing is surrounding yourself with the right people. And two of my main objectives, as I said earlier, a world-class team because I think you've got to have brilliant people and national-level systems and processes because we haven't got that many systems and processes. So even just having a few more is going to be a step in the right direction.

And when that team's fully back in place, you know, those systems and processes will be better. And I can afford to do that now because I've got such a good pipeline of work ahead and I've got the investment ahead. My third one is never give up because the past couple of years, honestly, I do think to myself that it would have broken some people and all the difficulties that you have on a project combined with cash flow issues.

And, you know, a lot of people glamorize developments and they're hard. They're massively rewarding, both financially and emotionally, but they can be very difficult. And I think you learn more from mistakes, problems.

[Mark Barrett] (52:55 - 52:56)

Yeah, absolutely.

[Steve Hammond] (52:57 - 53:37)

Errors. And a good friend of mine said to me that you've got to learn to fail. John Howard from, you know, Property Elevator and property graduate, he said to me, the sooner you realize you're probably going to fail at 30% of the things you do, the easier it's going to become.

And failure is just part of the journey. And so if I don't make any money on the lodge, which I'm still hoping I will do now, I've just accepted it. And, you know, because I've got such a pipeline to move on to, it's just one step in the journey.

[Speaker 5] (53:37 - 53:38)

Yeah, absolutely.

[Steve Hammond] (53:38 - 53:45)

So I think never give up and just, you know, learn from failure. Yeah.

[Mark Barrett] (53:45 - 53:50)

Okay, brilliant. So contact details, if anybody would like to contact you, Steve.

[Steve Hammond] (53:51 - 54:25)

Yeah, so you can reach me on Facebook, Instagram, and LinkedIn. It's steve.hammond.property. So that's for Facebook and Instagram and LinkedIn, steve.hammond.property. And my email address is steve at newhomeco.uk. Now everybody puts the dot before co, but it's short for newhomecompany.uk. So it's newhomeco.uk. And my mobile will be in the show notes. Happy to give that over if people want to give me a call.

[Mark Barrett] (54:27 - 54:33)

Excellent. And is there anybody in particular that you would welcome speaking to?

[Steve Hammond] (54:34 - 55:04)

If I'm honest, I'm probably looking for people who have an opportunity who don't really know how to make the best of it, who are looking for a build partner, or a partner who can help them build it and fund it. And I'm also looking for investors, whether they want to get actively involved and learn, or whether they want to passively get involved and just lend. So yeah, people with opportunities and people with investment.

[Daniel Hill] (55:07 - 55:50)

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