**TBP 232 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 - 1:44)

Hello, I'd like to give a very warm welcome to my latest guest, who is John Woodman. John is a fellow board member. He's based on the South Coast in the English Riviera, as he called it, in between Southampton and Portsmouth.

His three main businesses is the accommodation company, Room for Tea and Art2Art Gallery, it's an online gallery. He's married with two sons, Ben and Ollie. And his claim to fame, he's got the lowest golf handicap on the board and currently vying for the latest golf cup.

So welcome, John, how are you doing? I'm good, Mark, thank you very much. Thanks for having me.

So let's just have some quickfire questions before we start. So just to give people a bit of a flavour as to who you are, what you're about. So what was your first job that you had?

[Jon Woodman] (1:45 - 2:41)

First proper paid job, I used to work for McDonald's. Believe it or not, I was Johnny Five Stars, I got all of my stars. So that was all good.

Yeah, that paid for driving lessons and things at that age. How old was you then? I would have been 17.

Yeah, 17, got a job, paid for driving lessons, started driving and then went off to university. But I actually worked for a year before I went to university. I got sponsored through university, so I had a year's worth of employment before I went to university.

What did you study at uni? Mechanical engineering. So yeah, I did that for three and a half years and then left there, walked straight into the job with the company that sponsored me.

And then I didn't really do much mechanical engineering, did production engineering for a while, but ended up going down the business development and sales route, which was much more interesting for me. It suited my Wealth Dynamics profile much better. So yeah, it was fun times, done a lot of travelling, met a lot of people.

Yeah, good fun.

[Mark Barrett] (2:42 - 2:46)

Very good. So second question would be when and how did you start in property?

[Jon Woodman] (2:46 - 4:23)

So we'd always been interested in property. We started actually with the guys I worked with back in 2000 and something, early 2000s. We started a property business called Property Shack, which no one's ever heard of.

It was supposed to be an online portal where you could sell property linked to estate agents, solicitors, all that kind of stuff. And then someone else came along with a whole load more money and launched Rightmove. So we had no chance, but that kind of, we'd always been interested in property, always thought we needed loads of money to get into property, but turns out you don't.

Somebody gave us a copy of Simon Zucci's Property Magic about eight years ago. I read that, I was like, oh, this sounds interesting. Yeah, did Accelerator, did Mastermind with Simon, and I've just gone from there really.

Pretty good. And then, so when did you join PE and why? So we did Mastermind from 2017 to 18 and then finished that in the April and then started on PE on the programme on that following October.

It was just Mastermind and programmes like that are great at creating, you know, getting you started in property, but it just creates a big property mess because there's no real structure to it. So PE kind of gave us that ability to structure everything, proper businesses, proper ways of doing things, doing strategy reviews every year, just doing all the stuff you know you need to do in business, but you'd never quite get around to unless somebody was reminding you you needed to do it every year. So for me, that's what I needed at the time.

I've got a lot out of it, as I know you have. It's just kind of like, yeah, why would I leave? Might as well, you know, stay on the loop, get around the track each year and just keep doing the things that we know we need to do to grow or to stabilize or whatever it is you want to do that particular year.

So it's worked really well for me.

[Mark Barrett] (4:23 - 4:27)

Pretty good. And you're on your second year now on the board?

[Jon Woodman] (4:27 - 4:45)

Second year on the board, yeah, smaller group, but you know, quality group of great individuals. Everyone's very different. People doing similar but different things.

So yeah, it's always good to share ideas, challenge each other's thinking and yeah, the help is always out there if you need it, which is great, which you don't necessarily get in a large group, but you certainly get that in smaller groups.

[Mark Barrett] (4:45 - 4:51)

Yeah, yeah, no, very true. And then wealth dynamics, you are a blaze, is that right?

[Jon Woodman] (4:51 - 5:32)

I'm a blaze, I'm a supporter. So I'm great at talking to people, connecting. You know, if you come to me with a problem, I'll probably know someone or can find someone who can solve that problem for you.

Massive contact list in my phone book, massive contact list on LinkedIn. So great having the conversations, not necessarily quite so good at delivering. I'm not a tempo, I'm probably 70 to 80% blaze, a supporter and then about 10% lord.

So I happily look at some detail and spreadsheets that don't bother me at all. Not very creative and I'm definitely not a completed finisher. So definitely not a tempo.

Happily get stuff started, but there's lots of stuff around here that's been started but not finished, which I'm sure Sarah, my wife would tell you.

[Mark Barrett] (5:32 - 5:46)

I think it's good to know your kind of your profile, understand your strengths and then, you know, get other people in the team to do the other parts.

[Jon Woodman] (5:47 - 6:18)

Yeah, so I've got a team that work for me who are made up of, you know, people that, so Dani, she's very, very much the tempo cracker on get stuff done person, which I'm not and admin is not my strong point. So I've finally employed a person who's going to help us out with all the admin, my personal admin, as well as some of the other stuff that's going on as well. So fill those gaps and, you know, one of my targets for this year was right bums on right seats.

So, you know, we've done that now. So that's another box ticked for this year's target. So all good.

[Mark Barrett] (6:19 - 6:24)

That's good. And then lastly, your current property focus, what would you say that would be?

[Jon Woodman] (6:25 - 7:03)

So it's still predominantly service accommodation, although less holiday makers and contractors, more doing stuff with around emergency accommodation with the councils. So we're not doing long-term nets. We're not any of that kind of stuff.

We've just done a couple of purchase lease up for a purchase lease option. We did another one a few years ago. So looking to grow that way.

We're not actively sourcing particularly. A lot of people, a lot of stuff is coming to us because we've been around for a while now. I host Southampton pin meeting.

So yeah, people come to me with deals and opportunities, which is great because it means I haven't got to go hunting for stuff. So, you know, property sourcing, as you know, is a time consuming exercise.

[Mark Barrett] (7:04 - 7:56)

Yeah. Okay. So that's good.

We talk about the wealth pyramid and about the kind of like the three levels, the cash flow, the profit and the assets. Yep. So on cash flow, I think one of the things you've nailed is the doing the kind of like service accommodation, rent to rent, getting going in that.

Obviously you have kind of moved on to the kind of like different strategies within that. Yep. I thought it'd be really good for people that are looking to either kind of like grow their income, replace their income, just to have this session with you to go through your kind of, you know, journey as far as that's concerned.

So just tell us as to how you got started, because it's that kind of like chicken and egg to get the, how do you get going to find the property? Do you get you out as far as who's going to fill that property?

[Jon Woodman] (7:57 - 10:16)

Yeah. Yeah. So we, when we started out, we looked, we thought about doing HMOs, but there were, you know, something like 200 HMOs for sale across Southampton and Portsmouth seven years ago, because the three universities around here had all built large student accommodation blocks and things like that.

So there was lots of stuff for sale. Yeah. Because it was empty.

So I was like, well, I don't really want to get into that. So we went around those service accommodation routes. My first one came from Fire Rightmove, which are the agents it was at the time.

It might have been, I don't think it was Yopa, but one like that. So they're online agent. And if you put a message in the chat box, it goes direct to the landlord.

I said, well, this is what I wanted to do. He's like, yeah, let's say interested. Let's have a chat.

It was opposite my old school. And in that building, the bottom left-hand corner used to be a sweet shop, come news agents. We used to get apple donuts in there in the morning.

But, and I said that to also, you know, when I went to that school, it was a shop. He said, well, yeah, my grandparents turned into a flat a few years ago and he'd gone to the same school as me. And he was about three years ahead of me in school.

So we had instant rapport. Wow. So he let us have that flat.

He actually then gave us another one to manage directly for him about six months later. So that was great. And then we used a deal sourcer to find our next three deals, just because I was working full-time at the time.

So didn't have a huge amount of time. So we used the deal sourcer to find the next three. Then we bought a business.

And what type of properties, what type of properties were they? They're all two bed flats. So some in Portsmouth, some in Southampton at the time.

People said to us at the beginning, you know, you need to pick your target market. Is it holiday makers? Is it contractors and that kind of stuff?

And genuinely at the time, I wasn't really sure who the market was going to be. You know, in where we were looking at in Portsmouth, yes, there's a holiday market, but actually I've got Portsmouth Naval Base. So there's potentially this, you know, I used to work in Portsmouth Naval Base.

There's lots of contractors and stuff like that, but I know we're going to be around. So it was kind of like, let's just get some stuff and see what works. Yeah, that's been fine.

We've had a mix of holiday makers and contractors and stuff ever since we've started. And that mix has been absolutely fine. But yeah, most of our stock is two bed flats.

We've got a couple of three beds and a couple of one beds that we manage for other people. But all of our stuff has been two beds. We found that that seems to work as a market.

We ended up buying a business which had six properties in it on a lease. So that, you know, that grew us that way. And then we've managed to buy- Deal then.

[Mark Barrett] (10:16 - 10:23)

Just tell us about that if you can then, John, because obviously that's quite like a big jump in like number of units.

[Jon Woodman] (10:23 - 11:19)

Yeah, so that was an operator who, I think we were the third people to have it. A lady that I know had had it. She'd sold that business.

But I'm not sure that either of them could make it work. But the second guy who owned it, he lived up in Bedford. So it was down in Southampton.

So it was a bit remote for him. Wasn't as hands-off as he hoped it was going to be. He put it up for sale.

We were essentially, we just took over the lease and we were paying for six flats worth of secondhand furniture. That's the end of the day. If you're trying to sell furniture, you can't give it away these days.

So it came with a website that was pre-built. It came with it. They were using the same software systems that we were to systemize and run everything.

So yeah, we picked it up for, I can't remember what the number was, but it was something around 20K. But it was cheaper for us to do that than source, furnish 60 apartments. So by doing that, we grew, but for a lower cost than it would have been to do it ourselves.

[Mark Barrett] (11:20 - 11:32)

So, and then over- And with those, so you're paying 20K for those six units, just over 3K each. What was the agreement with the landlord? How kind of like secure was you on that?

[Jon Woodman] (11:33 - 12:12)

So they just reassigned the lease to us. So the lease, we took over the lease on that for five years. We've just done another five-year extension on that lease.

So yeah, we've got another five years and they're fully booked and they've been fully booked for since the beginning of the year. So I expect them to be fully booked for the rest of this year and well into next year as well. So they've been really good to us.

It was a bit of a challenge just because just after we took those on, COVID turned up. So it was like, ooh, we've got a whole lot of apartments we need to pay. We need to pay the rent on.

But we survived over that, doing some stuff with the councils, doing stuff with NHS. We had some contractors in. So yeah, COVID taught us a lot.

[Mark Barrett] (12:14 - 12:36)

Yeah. That's interesting. What would you say you're learning looking back now?

I mean, should that kind of arise again in the future? Somebody is looking to get into this market. I'm thinking, well, what happens if there's like another type of COVID and it's closed down again?

What would be your learnings from that?

[Jon Woodman] (12:36 - 13:30)

So I think we, up until the COVID hit, we were very relaxed about getting bookings. So we were on booking.com. We were on Airbnb.

We were on Burbo, Expedia, that kind of stuff. And bookings would just come in. Once COVID happened, every phone ping was a cancellation.

And after a couple of weeks, serious conversation at home of, right now we have zero income coming in because all these cancellations are coming through. So it made us have to be, we were much more proactive about going and finding new bookings, whereas we hadn't been before. So yeah, that forced us to go looking for who might be booking for stuff.

Hence, we ended up doing stuff for the NHS and the councils because hotels and B&Bs were shut, but we could stay open. So yeah, very much taught us to be proactive. Use LinkedIn.

We use LinkedIn a lot at the beginning of COVID. That saved our bacon, going and finding people to work with. So yeah, interesting times.

[Mark Barrett] (13:30 - 13:41)

So have you, if you was taking on a property now, do you have some kind of clause as to if that should happen again, as far as like notice periods or anything like that?

[Jon Woodman] (13:41 - 14:53)

Yeah, we always try and put notice periods in, but no landlord wants a short notice period. We certainly don't want them to have a short notice period. We don't want them cutting us short in a month.

So you're looking at six to 12 months notice periods mostly. If we were taking stuff on now, which we are potentially looking at, then we would be looking for the normal rental terms. At the moment, we're not in the space of doing guaranteed rents for people for three to five years, just because the SA market's funny.

Last year was atrocious. So nobody's really sure how the SA space is going to play out. And obviously there's now new regulations and things coming in.

So that's going to change the landscape a bit as well. So I'd happily go and rent places, two bed houses, two bed flats, that kind of stuff. But it would be on normal sort of rental terms, where we could give a month's notice if we wanted to.

But yeah, anybody getting into it, just be careful of your break points and notice periods and things like that, because it can catch you up. But at the end of the day, if you leave and hand the keys back, it's then up to the landlord to decide whether they want to chase you for the next three or four months worth of rent. And actually if they could put that effort into going and finding a new tenant.

[Mark Barrett] (14:54 - 15:03)

Okay. So how do you analyze a deal? Let's go through the kind of like the numbers as to what a typical deal might be for you.

Yeah.

[Jon Woodman] (15:03 - 16:26)

So it's getting harder to make deals stack. Certainly with rents going up, where when we started five years ago, we could get a two bedroom flat for 750 pound a month. That those two flats are now 1100 pounds a month.

So all of a sudden that's 350 that I've got to find. That means when you've got a booking fees and all that stuff on top of that, that's probably an extra five or six, 700 pound a month for bookings you need to create to cover that shortfall. So as a minimum, we try to clear on average a thousand pounds a month across the year.

So in the markets we're in, obviously summer's really busy, winter's really quiet. So you don't, you know, you might make not very much money in December and January. Our target is always to just break even in those months, but then, you know, make more money from April to October ish.

But that should average about a thousand pounds a month across the year. If it's, I wouldn't go less than 500 pound a month across the year, but yeah, certainly a thousand pounds. But by the time you've taken into account, you know, booking.com fees, Airbnb fees, cleaning fees, software and systems for running everything, cleaning, laundry, it stacks up, you know, they certainly add up. And, you know, looking at probably 30% will be your rent, you know, your income would be your rent, 30% would be the costs and 30% is your margin. Those are kind of a big handful numbers.

[Daniel Hill] (16:29 - 18:01)

Jumping in quickly with a huge congratulations to everyone who managed to secure a place at this year's annual three-day Blueprint events in person at the five-star Belfry Golf and Spa Resort. Both events in June and July sold out in record time. The first event didn't even make it to the open market.

And the last event, the grand finale on the 5th to the 7th of August was 50% sold out before we even launched the places. If you've not yet secured a place, this is your last chance. We only open the doors once a year.

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You have nothing to lose and everything to gain. Don't be the one that missed the boat. Let's get back to the podcast.

[Mark Barrett] (18:05 - 18:21)

Yes, just on that, just to kind of like appreciate these figures approximate and if people in different parts of the country, these figures will vary. But if you're paying, say, 1,100 rand, you would expect your cost to be about 1,100 and potentially about 1,100 profit.

[Jon Woodman] (18:21 - 19:21)

Yeah, yeah. By the time you've taken into, you know, 15% from booking.com fees, cleaning fees, laundry, council tax, utility bills. And, you know, last year was really hard because all our utility bills went through the roof.

Plus some of our own mortgage costs went up. Our cleaning fees, laundry fees all went up because obviously all their fees, all their costs have gone up. So, yeah, last year was a really, really hard market.

And actually, the nightly rates that we were charging weren't going up accordingly because there was less people traveling and there was more people getting into the market. You know, there's probably 50% more people doing SA in my area than there was two years ago because the landlords have gone, oh, I can avoid section 24 by doing service accommodation. So lots of people have jumped on the bandwagon, which made it a really challenging year, which is why we now do what we do with the councils and emergency accommodation.

So we're kind of sheltered from all of that chaos that's going on in the general SA space.

[Mark Barrett] (19:22 - 19:40)

Yeah, so do you want to just explain how that came about then? Yeah, so- I remember quite a few, like, we've had like games of golf where we've been in your brains and discussing about it. So I found it real interesting.

So, yeah, just go through that, how you came about that shift and how you got into it.

[Jon Woodman] (19:40 - 22:46)

So over COVID, we did stuff with the NHS that rolled into stuff with some of the councils around the homelessness teams and things like that because they couldn't put people into hotels because they were all shut. That died off after COVID, but then they reached out to us again and said, look, we need some emergency accommodation for some families. Can you help us out?

Yes, we can. We have been doing that. We've been doing that with Southampton for the last 18 months.

And then we did, we had one booking came through from Portsmouth City Council about 18 months ago on booking.com. And we thought, brilliant, I'm in. But we weren't.

We've been trying to get back in with them. And then at the end of last year, they contacted us. I had a long conversation with that team.

They then contacted us and said, what have you got available? Beginning of January, because they're only allowed to put people up in hotels for a certain period of time, then they have to move them out. Or if it's a- How long is that?

42 days. Right, okay. But also they've got scenarios where it's maybe a single parent and three children.

Well, they can't book them a hotel room because the parent can't be in two hotel rooms at once. So that gives them a problem. So then they put one or two bed flats instead.

They have doubled the number of people they've got in emergency accommodation because cost of living crisis and a whole number of different scenarios. They said to us, can you help us out? So we was like, yeah, absolutely.

So we've flipped most of our service accommodation stock into working with the councils. So I don't have cleaning issues. I don't have people phoning me up on a Monday or a Friday evening because they can't figure out how to access the property.

We don't have Airbnb and booking.com fees to worry about. It's just created a much simpler business model for us. And one of my things for this year was zero stress.

That was one of my headline strategies for this year. So that's worked really well for us. We get constant income, regular income.

We know what that's going to be. Across both of the councils, we do over six figures a month in turnover. We have our own properties.

We've got the ones that we own, the ones that we manage, the ones we got on Rent2SA. And then we're now working with other operators locally who've had empty SA properties, weren't quite sure what to do with them. So they're working with us and we're keeping them full.

And we kept some of them full since Christmas and they'll be full for the rest of this year. So again, they're loving it because they haven't got the hassles of traveling holidaymakers and contractors and things like that. Some of them are still doing that, which is absolutely fine.

And we've still got some where we are dealing with holidaymakers, but we don't have out of the 55 that we're operating, it's probably half a dozen that we're now dealing with holidaymakers with everyone else's longer term stuff through the councils. But it gives us, and the relationships we've got with the councils, we know what their forward load is. So we know what their 42, how many families they've got going, they need to re-home every week.

So we're trying to find properties that we can use for that purpose. So yeah, stability of income, minimal stress, minimal hassle. Who doesn't like that kind of thing?

[Mark Barrett] (22:48 - 22:54)

Yeah. So on that, do you still have the deductions, utility bills and things like that?

[Jon Woodman] (22:55 - 23:54)

Yeah. So we still have complete control. So that's, I guess that's partly because I'm a bit of a control freak.

So we've got to still have complete control of the properties. So, and the idea of that is, you know, if for whatever reason, let's just say, you know, a block of 50 flats came up and they were like, oh, brilliant. We can, we will go and put all our families into there.

They wouldn't need us anymore. So our fallback option is we would just go back to doing SA stuff with the properties. So isn't there's no point them taking them on on a longer term relationship and taking over all the bills, et cetera, et cetera.

When, you know, they're not sure what the future looks like. They know they're going to be busy for the rest of this year and well into next year, but they're not going to commit to a three or five year deal because they don't know what, yeah, they don't know what the future looks like at the minute. We'll keep it that way around.

We have complete control. Our fallback plan is we do service accommodation. And if that, you know, if that market fell apart, we could stick them all on ASTs and we'd still make money on them.

So, yeah, that's good. Yeah. Having fallback plans is a definite, definite requirement in this market.

[Mark Barrett] (23:54 - 24:04)

Yeah, yeah. So temporary accommodation, how would the council kind of like classify that? So you're saying it's not homeless, but was it could be, could it?

[Jon Woodman] (24:04 - 25:20)

Yeah. So, so they do sort of three things. They have emergency accommodation, which is what we do, which they pay a nightly rate.

They do temporary accommodation, which is anything up to six months. And then they do normal, you know, long-term stuff with ASTs. And that's normally in their own stock.

The problem they've got at the minute is that the stock that they have for temporary accommodation, so there's the six month type stuff, that's full. Those people should be moving out to the private rented sector, but they can't afford to move out to the private rented sector. So nobody's moving through the pipeline because of the, you know, just the cost of renting the property is definitely not going down.

So they're stuck in this hole in the middle. So then they've got more and more people coming in the left-hand side of the pipeline. And that's the problem.

These are the people that we're helping them with. So they're booked with us for a couple of weeks. And those couple of weeks just keep rolling.

Our longest one has been over a year, but yeah, because they can't move, they've got nowhere to move them to and these people can't afford to get out into the private rented sector. So we do very well out of it. We, you know, we win out of it.

The council wins because they know we're helping them out. If they weren't working with us, they would be in a real bind finding properties that they can use. So yeah, it works for everyone.

We like them. They like us. I'm not complaining.

That's good.

[Mark Barrett] (25:22 - 25:44)

Yeah, I was speaking to one of the heads of the council's housing department in like Greater Manchester was saying they're absolutely like desperately even considering kind of like porter cabins, containers as well. You know, they're that desperate. And yeah, it's very sad, really.

But obviously, that's where we can come in as sisters.

[Jon Woodman] (25:45 - 26:34)

Yeah, and I think if you're so we went to them with a solution. We understood what their problem was and we offered them a solution. And I think if you if you go to those teams and all of the councils have got those teams, it's the person booking hotels, that kind of stuff.

If you can get into those teams, understand their problem, how big is their problem and go to them with a solution. You know, if you rocked up and said, look, I can help you with your hotel bookings because I've got 15 apartments that you can use. I'll charge you slightly less per night than a hotel.

Are you interested? They'll bite your hand off, literally bite your hand off because they're all in the same boat. They've got queues of people coming through the door week in, week out.

You need accommodation and they've got nowhere to put them. So yeah, solving problems is a people is a is what property is all about, right? You know, make the right connections, have those conversations, solve people's problems and, you know, things flow.

[Mark Barrett] (26:35 - 26:48)

So as far as like the cost things, on that model, you don't have the advertising cost, which is good. You still have utilities. Is there any kind of like tricks as far as trying to do that?

Do you negotiate kind of like commercial packages?

[Jon Woodman] (26:51 - 28:02)

We've not all our stuff's on with normal utility providers. I am actually doing a review at the minute for the block of six we've got in Southampton about going to a commercial provider for electricity for that. But the rest of them are just on, you know, it's normal.

They're all on business rates. We get small business rate relief as a service accommodation. We get 75% of our business rates at the minute as well.

So that's always good. But yeah, it's just standard two bedroom flats. Our costs.

Yeah, we don't have the cleaning costs. We have probably slightly higher cleaning. We do deep cleans and stuff in between families coming and going.

But we're not having the weekly cleans. I mean, if I reckoned if you were doing, if you said it was £100 a night, so that's £3,000 a month in order for us to get the same margins, we would need to be generating £4,500 a month in bookings through booking.com or Airbnb to get the same numbers. Easily doable for June to September, almost impossible in December and January.

But by doing this, actually we can do those kind of numbers for 12 months of the year. That's the attractiveness for us. Consistency of income, almost no hassle.

And, you know, everyone's happy.

[Mark Barrett] (28:02 - 28:19)

On the, like, assessing, if say, for example, someone who's starting, look at, say, in like an area wherever they're based, is there any, like, tools that you can kind of, like, recommend for them to be able to kind of, like, see as to what other properties are achieving, occupancy levels, rates?

[Jon Woodman] (28:20 - 29:22)

Yeah, I mean, you can get a lot of that stuff directly from booking.com and Airbnb. You know, if you click on the list your property button, they'll give you some figures about what sorts of nightly rates you can get. You can look at other people's calendars.

We used to do, look at other people's calendars on Airbnb, look at the sort of low, medium and high season, go through their calendars, look at their rates, Monday to Friday rates, look at their weekend rates, look at their week rates, build up a picture of what you can charge. Is a website you can use to grab, you know, information that only pulls data from Airbnb, so it's not 100% accurate. And there's a couple of other data packages around that will allow you to scrape that information.

And I think at the moment, because rents have gone high, people really, really need to understand the numbers and make sure that, make sure the numbers they're putting in are correct. There's a lot of deals posted online from sources who think it's a great SA deal, but as soon as you start poking around the numbers, it doesn't work. You know, you need to break, you need to break even at 50% occupancy.

If it doesn't break even at 50% occupancy, don't do it. Right.

[Mark Barrett] (29:22 - 29:34)

Okay. And is there anything else that you would say? So it's like a good stat.

What would you say would be like the average that you would look at? Obviously, depending on the area, but is it like 70% or what would you say?

[Jon Woodman] (29:35 - 30:01)

The hotel industry in general is runs about 70% occupancy. So you need to break even break even at 50%. You know, what are the numbers look like for you at 70%, 75% occupancy.

And if that gives you a decent income, you know that anything above that, you'll be, you know, doing really well. But yeah, 70 to 75% is the average hotel occupancy level. It dropped obviously because of COVID, but that's kind of where we are, where we are again now.

[Mark Barrett] (30:01 - 30:09)

So yeah. Okay. Excellent.

So as far as top three tips for anybody that's looking to do this, what would you say they would be?

[Jon Woodman] (30:10 - 31:16)

Observe the masses and do the opposite. You know, there are lots of people getting into service accommodation. They have done over the last couple of years.

So try and pick something. If you're going to do that, try and just pick something within that space that not many people are doing, whether it's top end luxury stuff. The top end luxury market has done really well because the people that are paying £5,000 a weekend for a property are unaffected by the cost of living crisis, right?

They're going to go and spend £5,000 a weekend for a property or do something like we're doing. So very specific, small market in terms of customer base, we know it's going to be around for a while. So whether it's working with the NHS, working with the councils, they're all desperate.

We did a whole lot of stuff for a while with the NHS and international nurses arriving into the UK. So the NHS would fund their first three months accommodation. We provided that accommodation when they found somewhere else to live.

So big corporate clients, pick a market, pick a sector within SA and inch wide, mile deep, right? That's one of the PE things. It's absolutely true.

Trying to be a broad spectrum provider is challenging in the SA space at the minute, I would say.

[Mark Barrett] (31:16 - 31:18)

Okay, first one, second one.

[Jon Woodman] (31:19 - 32:09)

Getting started, just get started is one of them. You can analyse deals till the cows come home, but you actually need to get one, get going, get your first one up and running. And then the third one would be work with somebody who's done it, whether it's in the same market as you or in the same area as you.

Locally, we have WhatsApp groups with all of the local providers. So we share information about troubled guests. We help each other out with over bookings or we need to move bookings, all that kind of stuff.

So treat everybody local to you as a friend. Not a competitor. There's enough money out there for everyone to have a piece of the pie.

No one person is going to hoover it all up. So be a friend to everyone around you and work together to solve the problem rather than trying to do it all on your own.

[Mark Barrett] (32:10 - 32:12)

That's good, abundant mindset. Yeah, I like that.

[Jon Woodman] (32:13 - 32:13)

Yeah, definitely.

[Mark Barrett] (32:14 - 32:26)

Okay, so as far as contact details, so anybody that's wanting to contact you, we can share your contact details and also mention any particular types of people maybe that you would like to connect with.

[Jon Woodman] (32:26 - 33:26)

Yeah, so you can contact me via info at the accommodationcompany.com two C's and two M's in accommodation. I still got it wrong after seven years. I'm on LinkedIn.

I'm on Facebook. You can find me on both of those. I'll come up at the top of the list when you put me in.

In terms of people we want to talk to. So just spell your name. And then Woodman, W-O-O-D-M-A-N.

But we've just done a PLO deal. We've done a couple of PLO deals in the last couple of years. They're quite exciting.

So that they add to our financial fortress. We're looking for landlords who want to do something slightly different with their property, but have a good regular income. The idea down here on the South Coast.

And if people want to get in touch and understand how to get into these markets and how to do some of the stuff with the councils, we can help out with that too. We don't do specific coaching programs, but I'm more than happy to help people on that. If that's what they want to do.

Okay. Could you do coaching with PIN as well? Yeah, I'm a coaching mentor for PIN.

So yeah, do some of that. Yeah.

[Mark Barrett] (33:28 - 33:48)

Okay. So yeah, PLO for anybody that's kind of like not come across that is a purchase lease option. So if you're a landlord and you're wanting to sell, you could sell either like straight away or you could do it over kind of like on terms, basically having like a set income and over selling them over a set period.

[Jon Woodman] (33:49 - 34:02)

So you're open to those kinds of deals in the Hampshire areas. Yeah. Hampshire or on the Hampshire borders.

Then yeah, definitely. And if you've got blocks of stuff would be ideal, you know, portfolios, anything like that. We'll definitely take a look at it.

[Mark Barrett] (34:02 - 34:07)

Very good. And just have a quick mention, your two other businesses. Mention that again.

[Jon Woodman] (34:08 - 35:20)

Room for Tea, another business we bought a couple of years ago. So it's kind of a cross between Airbnb and spare room. So it enables, you know, you to rent out a room in your house.

But I guess the customer for that is someone who, for example, is going to London for a two month internship, can't afford an Airbnb in London for two months, doesn't want a six month rental via spare room, which is, you know, traditionally what they are for. So they get, you know, relatively cheap rates as renting a spare room in someone's house. That's good, works really well.

We're just expanding that across the UK. So we're looking for, you know, landlords who want to get involved in that one or property owners want to get involved in that one. And then Art2Arts, which is our online art gallery.

So over 10,000 pieces of art on there. Over a thousand artists across the UK and further afield. All one-off pieces of art delivered straight from the artists to your front door.

So, and that's going great guns as well. So yeah, similar but different, all property related. But yeah, just different strategies, I guess.

And what's the domain for that, John? So that's art2arts.co.uk. The number two, is it? Number two in the middle, art2arts.co.uk. Very good.

[Mark Barrett] (35:20 - 35:28)

Okay. Well, thank you for your time. Been good to catch up with you.

And yeah, I'll see you soon next week. See you soon. Cheers, Mark.

[Daniel Hill] (35:31 - 36:14)

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