**TBP 239 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 - 2:02)

Hello. I'd like to give a very warm welcome to my latest guest, Mr. Kevin Edge. So Kevin, how are you doing?

Yeah. Hi, Mark. Very well, thank you.

Good to see you. Yeah, good to see you. So you were back actually back on the podcast the second time.

The first one was the seventh episode that we did. I think we're on like 32, 33 now. Back at episode 80 when we looked at your kind of like extensions to new build developments.

Yeah. That was a couple of years ago. A couple of years ago, that.

Wow. Time flies. Yeah.

Absolutely. It does. Yeah.

Yeah. So it's good to get you back and obviously things have changed quite a bit for you in the last couple of years. So you've now been on the Property Entrepreneur Board for nine years, I think.

Yeah. And on that, during that nine years, your life has certainly transformed. We talk about the life by design, the health, wealth and life by design.

So kind of like I think in all those facets, you know, the health, losing like 25 kilograms, is it?

[Kevin Edge] (2:03 - 2:30)

Yes. 25 kilos. Yeah.

Yeah. It's been quite a journey and I'm very grateful. I mean, yeah, you're right, it's nine years now I've been in, it's been transformative for me to be around great people, to be in a fantastic environment, to change the business and to really upgrade my life.

There's no doubt about that. I wouldn't be doing what I'm doing now without being a property entrepreneur. I'm sure of that.

[Mark Barrett] (2:31 - 2:47)

Yeah. And then you started off, first say you were slightly, had a few extra kilos on you. Then you did the half kilo, sorry, the half marathon when we did it in Birmingham for the Smile 365, get up, give back the first year, didn't you?

[Kevin Edge] (2:47 - 3:52)

That's right. Yeah. Yeah.

I did the half marathon and funny enough, I got a bit too excited. I went out, lost loads of weight, which was great. We was all doing the weight loss thing and then got training for the half marathon and I decided I want to be like Mo Farah or something.

Having never run before in my life, I started running, trained too hard, pulled my hamstring and I thought, oh, I can't do it. But you guys were encouraging, oh, come on, just do 5K. So in the end I said, all right, I'll just do 5 and then it was 10 and then it's all might as well do half marathon now.

And yeah, we did the half marathon and that was another great experience. I mean, it was a fantastic charity event that you instigated with the get up and give back and got a great picture of me and Dan Hill, who runs Property Entrepreneur, in line together arm in arm. At the end of the half marathon, it was an achievement and at the end of that, I'd always wanted to run a marathon and I thought, you know what, it's only another half, I thought.

So I might as well keep training and carry on and give that a go.

[Mark Barrett] (3:53 - 4:04)

Yeah. And that set you to emulate more like Mo Farah and you've just got your Abbott's medal. So can you just tell us what that's about?

[Kevin Edge] (4:04 - 5:05)

Yeah. So we did the half and then I kept pushing and again, it's just part of being in the kind of company. It's like just keep pushing yourself.

So I did the London Marathon. I did that on a charity event and completed that. And then I heard about there's another challenge out there, which is the World Marathon Majors, which is six marathons around the world.

That's London, Berlin, New York, Boston, Chicago and Tokyo. So I thought, well, looks like I'll have to do all of them. So off I went and I did them in sort of two and a half years, whereas a lot of people take sort of 10 years to do them.

But I just got stuck in and got on done. That was just an incredible journey and yeah, really enjoyed that. And it's a real privilege to be able to do that and sort of travel the world and go to these great events and, you know, really push yourself and achieve something like that.

So yeah, I'm very proud of that.

[Mark Barrett] (5:05 - 5:19)

Yeah. Yeah. Huge congratulations.

And then so that's the health, the wealth side. Obviously, your business has totally transformed. You're now doing multi-million pound developments.

Yeah. So that's been quite a journey as well.

[Kevin Edge] (5:20 - 6:45)

Yeah, yeah. So when I joined Property Entrepreneur, we were doing sort of extensions and renovations and I was a builder, basically. So we were doing single houses.

So we did quite a few single houses for clients. But large extensions in the area we live in, St. Albans in the southeast where we're based, there's lots of, you know, large houses. It's quite an expensive area.

So we had some rather large jobs, but I was still working as a builder. And we've kind of transformed that now to, I mean, at the moment, we're currently just completing one development, but we've been running at the same time like 20 million pounds worth of developments. So on three different sites.

So it's been, yeah, it's been quite a transformation. And that's only achievable when you understand the business side of what you're doing. Because before I was on the cold face, now I had to step back and learn to be a businessman, learn to control the business in a different way.

I think I was explaining the other day to someone, when you're a builder, it's kind of how quick you can build. But when you're a developer, it's about how well you can control your systems and processes to run a development company. And that also goes for like some client builds that we do as well.

So it's about running the business rather than running the sites.

[Mark Barrett] (6:46 - 6:56)

Yeah. So that's the wealth, wealth, health, and then life by design. So, you know, living in your dream home with Anna and Sonny.

[Kevin Edge] (6:57 - 7:54)

Yeah, little Sonny, the office dog. Yeah, great. And Anna.

Yeah. So we live in St. Albans. Been very lucky to build our dream home here.

So we've got a beautiful 4,000 square foot house, got a lovely office outside, huge, huge garden. So, yeah, really grateful. It's come from a lot of hard work, but also direction as well.

So it's not just working hard. It's also being clear what you're working towards. So it was a great opportunity to develop our own home.

Anna helped to choose the home that she wanted as well. So we're very lucky and spend most of our time sitting in the library. So I've always wanted a library at home.

We've got this beautiful library. It's like three and a half meters high, full of books. And so we've got this huge house, and we spend all our time sitting in the library.

It's great. Really, really fortunate. Fantastic.

[Mark Barrett] (7:54 - 8:00)

So for people that don't know you, do you want to just give us an intro into your business, what it is you're now doing?

[Kevin Edge] (8:01 - 8:29)

Yeah. So the business, so it's kind of two elements really. So there's a mosaic group where we build houses, and we do small developments up to sort of nine house developments generally.

There's a strategic reason why we do up to that size. And we have an arm of the business as well that just does bespoke homes for clients. So there's kind of two arms.

There's the development side, and there's a bespoke building side we do as well.

[Mark Barrett] (8:30 - 8:36)

So the bespoke, that came about from, was that one of your cave times?

[Kevin Edge] (8:38 - 11:07)

Yeah. So cave time, looking at the strategy for how we're going to be a developer. And I think in the UK, it's really well recognized that there are not enough SME developers and like small to medium enterprise developers.

And that's really happened over the last 10 to 15 years. A lot of the smaller developers have been pushed out of the industry because it's actually really difficult to be a developer. And one of the reasons is that it's really hard to get through planning, building houses.

It's just become so much more complicated than it ever was. 10 to 15 years ago, it's significantly easier than it is now for good reasons, I think, in terms of the quality of the build that we perform. But also the planning system has become really difficult to navigate.

So you have to be quite skilled to get through that. And so looking at how we were going to strategize our business going forward, it becomes evident that one of the problems for builders is that the, or sorry, for developers is that the development process has become elongated. So whereas before you could turn a development around from finding your land to selling houses in a year and a half, that's sort of doubled now.

So that puts a lot of stress on the business infrastructure. So we've looked to marry up building bespoke homes for clients as well at the same time as we do our developments because it's a very complementary process. So we've taken what's a challenge and turned it into a strength.

So the challenge is that cash flow is difficult as a developer, hence why there's not many developers around anymore. They're just as usual. But it's also difficult to navigate your way around doing a single family home as well.

So we have the experience, and so we bring that into the bespoke part of the business, and that provides a cash flow for us to run our development company, but we also then provide all of the systems, the processes, the contacts, the consultants to the bespoke part of the business as well. And it's, you know, we looked in our, in cave time we call it, when we start strategizing the way we're going to run our business, we looked at who the SMEs were in our area and how they were structuring their businesses. These are the successful ones, and there's not many of them, but how they were doing it, and they seem to be the best model.

[Mark Barrett] (11:09 - 11:17)

That's good. What's the price range of the properties? You're saying the developments do you do up to nine?

What kind of price range are those properties?

[Kevin Edge] (11:18 - 11:21)

Yeah, they're normally around a million pounds just under.

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

Yeah.

[Kevin Edge] (11:23 - 11:27)

Yeah. So decent sized homes. Yeah.

Okay.

[Mark Barrett] (11:27 - 11:46)

Yeah. Good. And then we also talk about the wealth dynamics, which you're a creative mechanic.

Yeah. Do you want to just give like an overview as to what that is and how you can, by knowing that, you've been able to use that as a strength?

[Kevin Edge] (11:47 - 13:39)

Yeah. So the creative mechanic is the top part of the wealth hierarchy, and to my mind the best part. But they're usually the starters.

They're always looking for the new ideas that are coming around. We've chatted before. I was on a day yesterday which was all about AI.

So AI is the new thing, and this is going to – I mean, it already is transforming the world. You can see that or not see that. It's already happening.

It's already in our lives already. I mean, like 20, 25 years ago, I was right at the forefront with Bill Gates of having a website, and we were on the BBC because we were a young company who were using this new thing called the internet and wanted to encourage the rest of the country to use it as well. So they were looking for, you know, normal businesses and normal people who were already using it, not IBM, and they wanted to sort of do some case studies.

So they come and spoke to us about it, and they filmed us, and it was on TV, and that was all good fun. And now it's a similar thing with AI. So I really enjoy learning about all these new technologies that are coming out.

So as a mechanic, I'm looking at how I can streamline our business, how we can provide a better service to the partners we work with. So we work with investors. We work with land sources and with our bespoke clients as well, and how we can improve our systems and processes, bringing in AI as well to add more value to the business.

So as a creator mechanic, I love that stuff. So I'm right in the middle of that, and, yeah, I'm in my element. Very good.

[Mark Barrett] (13:39 - 13:43)

Yeah, so AI, if anybody has not come across that, is?

[Kevin Edge] (13:44 - 14:44)

Artificial intelligence, yeah. I mean, the classic one at the moment that most people would know is ChatGPT, so, you know, that's a whole world. You can find out all about that.

If you haven't heard of ChatGPT, you will do soon. You must have probably been living under a rock. But, you know, go on YouTube, get on the Internet, find out what it's about because this is a game changer.

So we use ChatGPT in the business a lot, but there's all sorts of machine learning, all sorts of software that have got this built in already. We use in the business now something called Genie AI where it does all of our CRM. It automates a lot of our workflows and business processes, so we're able to do a lot more with a lot less staff.

So it just makes us more efficient, makes our projects more efficient, means that we can produce things at less cost and, yeah, cut out some of the roadblocks, really.

[Mark Barrett] (14:44 - 14:53)

That's good. Yeah. It's strange, actually.

I mentioned ChatGPT to my daughters who are, like, 14 or 13, and they'd never heard of it.

[Speaker 4] (14:54 - 14:54)

Really?

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

Yeah, and I would have thought, like, a lot of students are kind of doing their homework and stuff like that, but, yeah, I don't know. Maybe they're a circle or something like that.

[Kevin Edge] (15:03 - 15:50)

Yeah. It's possible to get in your own little circle. Maybe you live in a – or we live in, like, an echo chamber where we think everyone is into ChatGPT, whereas maybe a lot of people haven't actually heard of it.

But anyone who hears this now, please go and find out. It's been described by, like, artificial intelligence. We saw a quick video yesterday of the CEO of Google, who's probably a pretty smart guy, and he said artificial intelligence is, like, he said, as significant as the inventions of fire.

It's going to change the world so much. And in a short time. So we're talking over the next seven or eight years, it's going to, like, completely revolutionize the world, and it's already happening.

[Mark Barrett] (15:51 - 15:54)

Yeah. And then there's a free version, and then is it £20 a month?

[Kevin Edge] (15:54 - 16:03)

Yes. I think it's $20 a month, yeah, for the paid version. There's all sorts of new ones coming out now, but ChatGPT is, like, right at the forefront of it, yeah.

[Mark Barrett] (16:03 - 16:15)

Yeah. Okay. Very good.

So your new business then, do you want to just explain what the company name and then how you actually work?

[Kevin Edge] (16:16 - 18:31)

Yeah, so the company name is Mosaic Bespoke, so it's totally integrated with the Mosaic group, and we just work with individuals who are looking to custom build their dream home. So kind of like the typical kind of project we work on. Often it will be, I mean, it's called in development brownfield sites, so normally it means there's already a house there, right?

So the land with some house on it already makes it easier to get planning permission. So often the house will be knocked down, you replace it with a new house. Yeah.

Normally, you know, the purchase cost is the kind of typical size. Purchase cost is around sort of 2 million. Build cost for us is normally sort of 1.6 to 2 million. Yeah. And then end value of the house is going to be around sort of 4.5 million. So I think for the clients, it means that they're able to buy something below market value, but also they're able to design the home of their dreams.

Yeah. And particularly to finish it the way they want it finished. But I think it's not just the finishing.

It's really important to have someone, I mean, we do design and build because we want to be involved in everything. So we want to work with the architects. We want to work with all of the consultants.

We want to work with the interior designers as well as the client to make sure that everyone's working for this kind of holistic dream home. So there's certain things that you need to put into the structure of the building that are just going to make it live better. Simple things like often we'll have underfloor heating on the ground floor, on the first floor.

Now maybe that's not thought about early enough. You can't think about it later. It just makes a home live so much better to do that.

You want to have a really airtight home. It just makes it so much more efficient. And it just makes a heating work so much better.

And then, and then it lives better. And these are subtle things that people may not think about. I may think about their windows and their doors and, you know, but when you're living in that house, it really makes a big difference.

So we'd like to coordinate the development of a, you know, a superior luxury home. And we want to be involved right from the beginning, right to the end.

[Mark Barrett] (18:32 - 18:40)

I suppose it helps that you've actually built yours and you've lived in that afterwards and then you can kind of appreciate then some of it.

[Kevin Edge] (18:40 - 19:28)

Yeah, totally. And I would never live in a house without underfloor heating, just as one thing, right? But it's really significant.

That's why I keep saying it, but I would never live in a house without that. Having an air source heat pump, you know, that then they're really super efficient to do that. You need to be really airtight.

But you, because I've always worked in design and build from, from right from the beginning for like 35 years. So I have always worked with architects. So although I can't use AutoCAD, I know how I want things to be.

So it's collaborative. I'm not saying that I'm telling the architects what to do, but I want to be part of the team to deliver this dream home. So, you know, I must have delivered 150, 200 houses.

And so you do get to know what's going to work.

[Mark Barrett] (19:28 - 19:38)

Yeah. Yeah. Okay.

That's good. And then from that, from a business point of view, what kind of like profit margins would you be looking to make on, say like a bill, say like 2 million?

[Kevin Edge] (19:39 - 19:58)

Yeah. I mean, we need to be sort of making a profit like 20%. Obviously we've got to cover the business overheads to run the job, et cetera.

And obviously there's got to be some profit in it for us as well. And, you know, there's an element of risk that we're taking as well, but around 20% is where we're looking.

[Mark Barrett] (19:59 - 20:05)

Yeah. And the other aspect is that the cashflow from the Bispo will help the main business as well.

[Kevin Edge] (20:06 - 21:31)

Yeah, a hundred percent. Because I mean, as we were saying earlier, as a developer, you know, you're getting paid, like it can be up to three years from when you start a job, you don't get paid until the last house, basically. So, you know, you pay the bank back, you pay your investors back first, and we're left with like the last house, sometimes the last two, if we're lucky.

So during that time, we need to pay our overheads. We need to have a business, which is going to function. So the client builds help us to pay our overheads of running a larger business.

But I think that that really, they complement each other in the way that the larger business is able to service the bespoke homes as well. So you need an infrastructure in place and we need the team in place that are going to be able to service the bespoke builds. And that's the same team that we're using for the larger construction.

So they're very complimentary. And then we have a panel of architects, of consultants, structural engineers, interior designers that we always work with, and they all know each other and they're used to working together. And most importantly, we know the ones that are going to deliver, and they know that we have an expectation of delivery.

So it just keeps it a lot smoother. And I think when you're able to give these consultants and these architects and these engineers more work, they serve you better.

[Mark Barrett] (21:32 - 21:56)

So I think it's great that you've got the same team that works with you on the developments as it is on the bespoke properties, because, you know, not every project will go to plan. I'm sure there are a lot of other developers that maybe not have the right team in place that can have an impact on the success of a development. Yeah, 100%.

[Kevin Edge] (21:56 - 23:05)

I mean, yeah, like development's a team sport, right? And like every team, you're only as good as your players. And if you have a couple of rogue consultants in your team, then it can make things really difficult.

You know, if you've got people that are not delivering on the timeframe they say they can deliver, not giving you the value that you're expecting, then it can really hold things up. And we've definitely seen that on other projects. And we've been fortunate, but it's not just fortunate.

It's also by design. Because, you know, we've been like 35 years doing this. I know I don't look old enough, Mark, but it's 35 years we've been doing this development.

So we know what good looks like. And we have a history of working with good people. And I've got a really good, I think it's important, I've got a really good name in industry as well.

So people want to work with us. A key thing is making sure we pay people on time, and consequently you get the best service. That only comes if you've got the best cash flow.

So, you know, everything's supporting each other to give us the best service we possibly can.

[Mark Barrett] (23:05 - 23:19)

Yeah, okay. I think it's, you know, I've spoke to other developers, and it is the cash flow is the main issue. Developments always can run longer.

And that kind of impact. Yeah.

[Kevin Edge] (23:20 - 25:36)

Yeah, and it's something that we looked at in our, you know, as we talked about in our strategy, and you have the wealth hierarchies we talked about in the property entrepreneur, where it's like a pyramid, where you have at the bottom, you've got cash flow, and in the middle you've got the profit and at the top you've got assets. And so, you know, it's very strategic that we've built our business in this way because the cash flow supports everything. We need to have the cash flowing into the business.

So that's our bespoke homes. And, you know, we'll be doing three or four of them per year. So it's quite chunky.

It's a sizable amount of work, but it's definitely manageable. Yeah. And then in the middle, we've got our profit, which is our developments.

And often, you know, so in the bottom side, we, we partner with clients, homeowners who are looking to do their build their dream home. So that's the partnership there in the middle section, we bring the same skills and the same talents and, and you know, all of our team and we partner with land sources and investors, and we work on this profit section where we only get paid every two or three years. But, you know, we've got a flow of two or three projects on the go at a time.

I mean, at the moment we've been partnering with Fountainhill, AJ and Andrew. It's been a great, a great few developments we've done together. We've learned a lot through them.

They bring the land to us, we bring the development and then we will prosper at the end. And that's, that's been a great way to serve the profit part of the, the development period. And then on the last side is the assets.

So we invest in property ourselves. We keep some properties that we build. We we've been fortunate enough to win a few awards for some of the developments we've done and we've kept hold of some of some of the developments we've, we've, we've built.

And that provides as an asset going forward, which pays us regularly. So the kind of the wealth hierarchy, wealth pyramid really is kind of self-fulfilling in a way. Yeah.

[Mark Barrett] (25:36 - 25:44)

That's good. Very good. So as far as talk about like top three tips, what would you say they would be?

[Kevin Edge] (25:45 - 29:12)

I think for, for, for developers, I think really understanding your numbers. I mean, the only, the, the reason that developers go up, go, don't go as well as people expect them to go is that people don't analyze them properly. And that's something I think, you know, we've been really good at.

I mean, I've got spreadsheets for everything and it's really understanding how to totally to the nth degree, understand how, how the numbers on a development work. And it's, you don't know what you don't know. So it does take some time to get the skills, even simply, you know, I was talking to a land buyer the other day from a, from a major house builder and, and, you know, we were concurring that the way that the house builders will analyze a project on the net saleable area compared to the net developable area.

And people talk about square foot prices quite often, but they don't really understand how their metrics work. And the net internal area is a sales area that you're going to sell. The developable area could be all of the gardens, all of the green area, but also the roads.

And they can make a significant difference to how successful a development will be. So that kind of analysis is absolutely critical for, you know, for developers, for land sources to really understand how, how developers work. So that that's the first one.

We understand the numbers. I think the second one probably, make sure you have a competent team around you. And again, you know, we've built our team over like 35 years.

So we have some really good architects, engineers, rights to light surveyors, party wall surveyors, landscape designers, geotechnical engineers. We've got a team that we've known for a long time and it's really important. You have a competent team around you.

So I think that's super important. And you hear that in property all the time, you know, have your power team and that's so important. So we've got experts in every field.

And then I think the next thing is to really understand planning. So planning commission is like, it's the lifeblood of development for developers, but also for the bespoke build as well, because everything can get held up in planning. And it's understanding your way through that and trying to avoid some of the pitfalls where the real value comes in.

So there's things that you can use like paragraph 79, where you can build houses of particular architectural interests, and you can get planning commission where you perhaps wouldn't. We use things like permitted development where you can extend existing house forms. You can extend them out.

You can extend them up. There's like class at a plus I can increase the volume of the house. Then you can as a full back position, then say, okay, we'd now like to change the house for a new house.

And that can significantly increase not only the likelihood of getting planning commission, but the speed of getting planning commission as well. And there's all sorts of things in, in permitted development you can use in commercial construction as well. So I think the three tips are really understand your numbers, really make sure that, you know, who you're working with when you've got your power team and like, you need to be super detailed on planning and really understand your way around the planning system.

[Mark Barrett] (29:12 - 29:25)

Excellent. Yeah. The great tips.

Yeah. So for anybody looking to connect with you, do you have your details and maybe any particular types of people that you'd be interested to speak to?

[Kevin Edge] (29:26 - 30:40)

Yeah. I mean, look, we're always interested to speak to people that are looking to build their own home clients who, who, who want to, yeah, build their dream home. Which area would that be in Kav?

We're based in Hart. So Hart's beds and bucks are the areas we, we really build homes in always happy to give anyone advice. So anyone can drop us a line.

We're happy to help. We have an in-house land guy who is also a former estate agent, which really adds a lot of value to people are looking to build their own home really. So I'm happy to help in any way, but primarily we're looking to build in Hart's beds and bucks.

There's only so many houses we can build. So, yeah. And also land sources.

I mean, land sources, we often consult with land sources really help them to develop their schemes and for them to understand kind of, you know, what's going to work, what's not going to work. And we've partnered with quite a few people on schemes as well and happy to, you know, to talk to investors who want to get to know us a bit better. I mean, if anyone wants to make contact, I mean, the first port call is Kevin at mosaic bespoke.co.uk and Kevin at the mosaic group.co.uk. They're the best places to get hold of me and we'd be really happy to, to talk to anyone.

[Mark Barrett] (30:41 - 30:42)

Okay.

[Kevin Edge] (30:42 - 30:53)

And any socials or website as well? Yeah. You'll find me on, on Facebook, LinkedIn, and Instagram.

If you just have a look for Kevin Edge, I'll come up on all of them.

[Mark Barrett] (30:54 - 31:02)

Okay. Very good. Great to catch up with you again.

And I'll see you, see you next week. Maybe some golf.

[Kevin Edge] (31:03 - 31:14)

I'll see you on the golf course. Golf is probably a rather ambitious term for Mark, but we'll definitely be on the golf course and definitely swinging our clubs. All right.

See you next week. Thanks mate.

[Daniel Hill] (31:15 - 32:00)

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