**TBP 240 Edited\_Transcription**

[Daniel Hill] (0:05 - 20:51)

Welcome to the Blueprint Podcast. In these episodes, I'm going to share with you my life's work boiled down into simple blueprints that I used to build a 10 million pound portfolio and retire with financial independence at the age of 35. You can listen to these podcasts in any order, and I guarantee you that when you execute them in practice, you will see that success and failure are both very predictable.

Let's get into the next blueprint. Deals, deals, deals. If you're in business or property, now is the perfect time to be out there doing deals.

This is the window of opportunity where there is endless deals to be snapped up if you know where to look. In this podcast, I'm going to take you through the deals, deals, deals blueprint and tell you 15 places where I am currently seeing deals, where I'm seeing other people get fantastic discounts, and where you can genuinely make hundreds of thousands of pounds from doing very little in some cases while everybody else runs for the hills and battens down the hatches. This is the deals, deals, deals blueprint, and this is 15 top places that I am seeing deals at the moment.

So, 15 deals, 15 locations that I am seeing deals at the moment, and this is being recorded in spring of 2024, and based on what's happening in the market, which is completely predictable, we've been predicting this on Property Entrepreneur, well, this is the fourth year we've provided a market prediction as to what we think will happen with prices, rates, inflation, finance, et cetera, GDP. And from the update we did last month at Property Entrepreneur, for the fourth year running, we're pretty much bang on on target, despite the fact that everything that's written in the newspaper is completely contrary and opposing to what we expected. When you understand how the market works and what's going to happen in these spaces, it allows you to go out there and do deals, be more bullish, make good money while everybody else is running for the hills.

Warren Buffett says, be greedy when others are fearful, and be fearful when others are greedy. Without a doubt, people are very fearful at the moment, they're very nervous, in which case you should consider going out there, and as long as you can manage your risk properly, go out there and be greedy. So this is 15 of the top places that I am seeing deals at the moment.

So number one is commercial property. The residential market still seems very active, reasonably busy, and for the right stock that's accurately priced, it's selling. And as the spring and summer months play out, as long as mortgage rates don't spike, that's probably going to stay quite a busy space, not necessarily going to be great deals to do.

The commercial market, on the other hand, has been fantastic. So the access to finance is very challenging. Rates for commercial finance are very high.

Confidence for a lot of businesses in a lot of sectors is low. Access to finance is going down, which is pushing yields to go up. And as long as you know what strategy to use and what location to purchase in, and in many cases, either know how to play the long game or have a strategy, whether it's an asset management play, a repurposing play, or a permitted development conversion change of use play, in those spaces, you can do very, very well in commercial.

Manko House is an example that I bought last year. One of my biggest mistakes was trying to put planning on it for 88 apartments. Having not even got planning or done development, we made over three quarters of a million pounds in equity and it brings in over 15,000 pounds a month in rent roll.

All the tenants pay their own utilities, they pay their own maintenance, they pay their own costs, and it's turned out to be a fantastic deal. So commercial property is the first one. Well overlooked by many.

I never even clocked it until a couple of years ago. Definitely one to be considering. The second is where you find properties for sale, many of these in the auction, and they've got low leases on.

So what's happened in many cases is mortgage terms have come to an end and they've gone to refinance where they were previously on minimal rates, 2%, 3%, in some cases with pension funds. Now they've gone all the way up to 7%, 8%, 9%, 10% plus, depending what the site is. And actually there's an existing lease on that hasn't been drafted with the understanding or concept that rates were going to go from zero point next to nothing percent up to 5.25% as base rate. Because why would they? For over a decade, we had record low interest rates, but now they've got to refinance. And the problem is there's a lease stuck on the building that might have three years left to run on it.

The yield, when you compare it to either what the property is worth or what you would pay as an interest rate to finance it, doesn't even wash its face. And in many cases, people can't afford to do this. So rather than play the long game, hold it for three to five years for the lease to terminate, assuming there's no rent increases in there and get off the deal, they actually have to exit.

And there was a site in Nottingham that I shared with the property entrepreneurs on their mid-month mentoring call. And I said, this is going to auction. It's guided at 800.

It is worth one and a half million all day long. And it actually ended up selling for about a million pounds at auction. And a friend of mine actually knows the broker who financed the deal.

And even though it was sold for a million pounds, in fact, no, sorry, that's a slightly different deal. Look, same logic, though. Basically, somebody bought it at 5% yield on the basis that for the next three years they'll get hardly any.

It won't even wash its face, really. They'll get 5%, which is the same as you'd get in probably the best saving accounts at the moment. But their logic was that what they would do is after the lease ends, repurpose it.

And this one was 18 apartments, 18 studio apartments in Nottingham City Centre. That is worth all day long, one and a half to two million pounds once it's repurposed to either professionals or probably in that location. You'd go for students, but because it had a three year lease on it, somebody had to take a hit and sell it.

And the person who bought it gained because they'll sit out the three year lease and benefit in the medium term. So that was an example of playing the game. Third is overpriced.

So there's so many deals on the market at the minute. I was telling some of the property entrepreneurs about it on Advanced last Friday that are just overpriced. And they've been there, you know, in your area, they've been on the market for months, but on face value, they're expensive.

So what's happening is they've gone stale. Nobody's buying them. They're overpriced.

They're not getting any attention. So what we do here is we call it beating the price curve. Eventually, if they actually want to sell it, they're going to have to reduce the price.

And rather than it wait to go from 500 grand to 400, and then you're going to offer 350, just go straight in. And if you think it's worth 400, offer 300, 350. We would call that bottoming out, you know, get your lowest offer in.

If your first offer is not low enough, if your first offer doesn't embarrass you, it's not it's not low enough. But on the offer out and they'll say, oh, we won't take 300, but we could take four to five. And then all of a sudden you're in the realms of negotiation.

There's a side I've been looking at for the last six months or so on the open market about one point two million, well overpriced. A friend that I know that's looking at at the moment is looking at snapping it up for less than for more than four hundred thousand less than the guide price. It's significant drop in the deal to get the deal done.

But on the open market, it still says it's one point two million or whatever it is. But because they've beat the price curve, they're getting it for three, four, five hundred thousand pounds below what's what's been what what it's been listed at. It's called beating the price curve, offering on stuff that's completely overpriced.

Number four is funding falling through. There's lots of deals at the minute where funding's falling through. I had two deals last year fall over.

One was a private school that I was buying. The second was a actually a business I was selling for somebody. Both multi-million pound deals using commercial funding, two different lenders, both pulled out on completely irrelevant points.

They just didn't want to lend even even at 12, 13 percent. They just didn't want to lend. There's more and more deals now falling out of bed because either the buyers are getting nervous or in this case, funding's not being available or the rates gone up and people are pulling out.

Suppose a friend at the weekend who's looking at a deal is on the open market or they got outbid about seven hundred fifty eight hundred grand. The deal's now falling through and they're looking at acquiring it at quarter of a million pound less than what it was previously agreed at sale to. Because they're cash, they're buying it as it is and.

They're not going to mess around, so finance falling through again and be in the price curve is a great place to find deals at the minute. Number five is people that can't refinance exactly the same as I said about earlier. This can be a great position for lease options if you understand how to do it.

You could do BNV deals and buy it, blow market value because they can't get off of it. You could do some sort of creative strategy where you take over the debt or the liability, depending on what the reason is, why they can't refinance. But specifically in the commercial space where you've got lower leases, it doesn't make sense for them to refinance and the deals come to the end of its expiry on that lease.

They don't want to ride it out. You can go and get some deals on that sort of stock. Number seven is being able to buy stuff unconditionally, and I would say with this is specifically where you can get permitted development.

If you're going in conditionally subject to planning, it's a bit of a nightmare, a bit of a headache. People might take it, but they're probably going to want a real premium or they might be really motivated because nobody else wants it. When you can find a site that you can buy cash and or unconditionally, all of a sudden you become the best buyer and you don't have to pay the best price.

Waterloo Crescent, which I bought, I bought it for four. It was it was obviously excessive for 70. Other people had offered for 90.

I end up buying it for four to five cash unconditional. I spent seventy five grand on it. It's now worth one point one million.

So made over half a million pounds because I bought a building unconditionally and cash. People were offering more than me, but they wanted to do it subject to planning. So going out and doing deals unconditionally at the minute where you can do low risk, say PD or where you've got plan A, B and C, or it's just so cheap and you've got plans, you've got your ultimate contingency strategies.

You can do really, really well there. Number eight would be anything where you can do a forward funded deal. So if you can get a guaranteed exit, so maybe you're working with a housing association who might only want five or 10 percent margin.

You can get the planning gain. You can get the main contract to gain margin and you can get a guaranteed exit. Anything you can do where you're getting that forward funding and just the risk in that that exit can make a huge, huge difference.

And number nine is the care space. Care for whatever reason is crazy. Care, extra care, social housing.

I heard somebody at the weekend, in fact, social housing is number 10. Housing associations, even LHA, social housing, care. I spoke to somebody last week that looked at a care deal where they're paying 20,000 to actually one will get 20,000 pounds a week for a single individual.

Now, that sounds polarizing and extreme. And that must be a load of rubbish. I've actually said 20,000.

It was more than that just to try and help. And it just makes absolutely no sense. I spoke to another friend who's actually got a small block that they're looking at leasing and they're looking to get 40,000 pounds a month rental income on that.

The care space, number nine, and the social housing space, number 10, are just through the roof for demand. Anything you can do where you can buy cheap and then lease high can give you a great yield. I looked at a care home recently, 21 bed care home.

Listed to auction. I think it didn't sell. And I think it was going for about 450,000, 450,000 pounds per unit.

And then you look at the rent you could get for that unit, whether it's social housing, LHA, ideally a third party operator or housing association. You need to be aware of compliance, etc. But the yield you would get on that would be absolutely through the roof because the price you pay per unit is very low, but the income you're getting is very high.

And that will increase your density or gear your yield up. And it wouldn't be uncommon for that commercial value to go from the four, seven, five you buy it for up to seven, eight, even 900,000 pounds on a commercial value when you put a three, five, probably not three or five, but five, 10, 20 year lease on it. Absolutely no brainer.

Number 11 is the mass market, the mass market and the bottom of the market. As soon as the pandemic hit, I moved all of my developments from the top of the market to the bottom. Before that we were doing the highest end, most expensive student, student, most expensive studio accommodation for professionals.

As soon as the pandemic hit, we went straight to the bottom of the market. LHA, social housing, mass market, three bed family homes, PRS apartments, just that big mass of the main market because rents there are going through the roof and stock there is still reasonably priced. That area is growing and demand exceeds supply.

Whereas I would say the top end of the market, at least until recently has been been slowing. So the mass market and the bottom of the market all day long is doing really, really well. Another area number 12, uh, would be, and this might be specific to some of the cities that I visit, but where there is not an excess demand.

So probably not, uh, blocks and blocks of professional accommodation going up specifically where you have high volumes of student accommodation in the town center and nobody really building professional staff, apartments for service accommodation in the city center can do incredibly well. I stayed in one recently in one of the cities that I go to, there's not really any professional development going on. All of it is student.

The only game in town is, is student and their feedback, which, and I know that to be a fact and their feedback was there is no professional let's available. Anybody who has got professional let's is now doing them for service accommodation and they're making between two and 6,000 pounds a month, depending on what the apartment is like. And for an apartment that might cost again, it depends what you buy and where you buy it, but somewhere in the, in the realms of maybe 150 to 250,000 pounds.

That sort of yield when you work out per annum, you're well into the double digits, even when you net it off, which is a solid place to be. 13 is value invested the Warren Buffett way. If you're not really listening to that blueprint on a previous podcast, going out and buying blocks where you look at them and you just think this is a crazy price, nobody, why is nobody buying this is so cheap, you look at it and just think you can knock it down and sell the bricks and still make money when you're looking at an asset that is fundamentally below what it's worth.

And specifically in many cases, you can buy it. We call it the BBC strategy below build cost. You can buy it for less than it was built for as long as you can get it yielding and fit for purpose.

And it's not in a black spot or an area that's never going to let again. And if you develop it, you're going to be underwater as in, you know, you can't get your money, the GDV is too low. They are fantastic deals.

And that is where you want to be looking right now, value investing and buying stuff cheap. I'm at, I'm looking at so many sites at the minute where I'm thinking, I just know on face value, that's, that's cheap because number 14 is playing the long game. I've been looking at some city center commercial units and I looked at one in Nottingham the other day, city center commercial unit downstairs, three stories above, which would probably all be PD.

You could put your service accommodation apartments up there. Granted, the city center is not booming and there's areas of Nottingham that are actually complete black spots at the minute down by the Broadmarsh where they've knocked it all down. Even McDonald's has closed, which is sort of unheard of.

That's a black spot. You could pick stuff up there, pennies on the pound and people will give it away because it's not working. But if you can play the long game, make it work in the short term, capitalize on the long term.

That sort of stock will always do well. Yes, you might have to have a barbershop or a vape shop in there for 500 quid a month for the next three years. But if you can develop upstairs and get that yield in and play the long game, Nottingham City Centre will always be Nottingham City Centre.

And when we get back into a good time in however many years that might be, that's the place to be. And there's loads of deals there if you can ride the market out. And then finally is permitted development.

There's so many new permitted development schemes coming out at the super event on Property Entrepreneur. We're actually taking through our delegates through every single permitted development announcement that's taken place this year. And there's so many new angles.

There's extensions to existing agreements to existing change of uses. There's new permitted developments. It will be an absolute game changer.

But you have to understand where they are, how they work and what to do when you put them into practice. So permitted development is the last one. That's how you de-risk the entry.

You can be more bullish on your price. You can buy unconditionally in cash, which will pull that price down. And this is where I've operated for the last 10 years or so, because I just find it a real sweet spot when you can get ahead of the market and learn these new things quicker than anybody else.

And some of them you can do big schemes now. I'm not sure how high MAPD's gone, but I was looking at a site the other day where I would put 55 apartments, which to me is just a no brainer. All permitted development.

So lots of lots of stuff to go at. Be greedy while others are fearful. Be fearful while others are greedy.

That is the deals, deals, deals blueprint. If you're not out there doing deals two years ago, if I'd have given you a golden button and said, press this button and I'll take you to a land where you can buy whatever stock you want cheaper than has ever been available on the market in recent years and you'll have no competition. Would you press it?

Everyone would have pressed it because at the time everything was going best and final. Nobody could get deals. The market was just driving itself crazy.

We're in that spot now. We've pressed the button. But because of that, everyone's nervous.

The market is never going to recover. Prices are going to go down. There's going to be a crash.

You've got to manage your risk. You've got to know how to play the game. But I would say, be bold, be brave.

Don't be foolish. But without a doubt, go out there and do deals. And this is 15 ways and 15 top places that I'm seeing deals at the moment.

And I hope you find some deals in the same. Success and failure in this space are very predictable. Get out there, do deals, and I'll see you on the next podcast.

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