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# Buy To Sell - My Strategy for Success



Property developer **Susannah Cole** at The Good Property Company comments

**I** really love working in property and a successful Buy to Sell strategy can be a prolific cash generator if it's done right, but beware. The property market is an organic landscape that regularly bends and shifts, sometimes without warning. Just like me on the dance floor!

As a property entrepreneur, my survival in such a landscape depends on my ability to adapt. Certain factors such as regulatory and socio-economic changes are beyond my control which I accept. However, I can control how I respond to these factors and in order to succeed in this ever changing market place I adopted the PESTLE strategy, that some of you may be familiar with already. For those that are not, here's the Wiki definition: 'a framework of macro-environmental factors used in the environmental scanning component of strategic management'.

Simply put, I use PESTLE as a business tool to analyse the external environment in which a business operates. It helps me to understand how to respond to that environment.

PESTLE is an acronym of the following words: Political - Economic - Social - Technological - Legal - Environmental

In 2014 my company's aim is to generate 80 property deals, of which around half will become Buy to Sell projects.

Here is how I used the PESTLE analysis when I chose Buy to Sell as my principle business strategy for 2014:

## **P is for Political**

The UK is due to have a General Election in May 2015. So I asked myself, what opportunities will that present to me as a property developer? In order to remain popular (and here's an oxymoron for you), politicians will want to keep the sentiment of 'revival after recession' strong amongst the wealthy.

## **What does this mean to me?**

To me this means interest rates will stabilise



and house prices will rise. Great, from that I deduce I will have at least a two year window of opportunity which is a great timeframe for me to roll out my Buy to Sell strategy.

## **E is for Economic**

Stable interest rates and an economy rising out of the ashes of the recent recession, mean that the market place can grow in confidence and with this renewed confidence house prices will continue to 'hot up'. Cue big grins all round my office.

How does this affect me? The knock on effect of this type of frenzied market activity means that buyers are making offers without hesitation in certain areas. I have not had to wait more than two weeks for an offer on any of my projects in the last 18 months.

Here are two examples of successful Buy to Sell projects that were comparable in many ways except for the level of buyer confidence at the time of sale:

## **Case Study - 2009 - Pembroke Rd**

Recession - Low buyer confidence

Two bed flat in Clifton - Very desirable location

Purchase price - £175k, prior to auction

Renovation cost - £20k

Renovation timeframe - 8 weeks

First offer received - 2 ½ months of viewings

Number of viewings - 31

Time from offer to money in the bank - 2 months

Outcome - Offer was underhandedly reduced from £244k to £240k within 24hrs of exchange. Our hand was forced as we estimated around 4 months for further offers to be presented.

Result - Ultimately a successful sale but the unfavourable seller's market meant we lost £4k profit from the sale at the last minute. However our agent did tell us that we achieved the highest price per square foot for a flat in that location.



Total project time - 7 months from refurbishment start

### Case Study - 2013 - Hanham High St

Winter 2013 - Price rises since March 2013 - High buyer confidence

2 Bed house in Hanham - Popular family area - But less desirable than Clifton

Purchase price - £129.5k

Renovation cost - £21k

Renovation timeframe - 8 weeks

First offer received - 13 days of viewings

Number of viewings - 16

Time from offer to money in the bank - 6 Weeks

Outcome - Five offers received on a 'Best and Final' contest, which allowed us to choose the best placed buyer. The property was purchased without delay in time for Christmas.

Result - Three months quicker than the example above from four years before. Buyer was committed to completing a problem free purchase without contention as the market was very strongly in our favour. Four other offers were waiting in reserve in case of any last minute upsets.

Total project time - 4 months from refurbishment start



### S is for Social

Buyer beware! More like 'beware of the buyer'.

Who do you think makes the best buyer for your Buy to Sell project? The kneejerk reaction and the lazy one would be to say 'first time buyers'. You wouldn't be to blame for thinking this either. But here are just a few reasons to think again:

- ♦ Saddled with potentially crippling student debts
- ♦ High Loan To Value mortgage
- ♦ Children (expensive but totally worth it) either in the frame or on the horizon
- ♦ Responsibilities towards elderly parents in or requiring care
- ♦ Job insecurity
- ♦ New regulations making first time residential mortgages difficult to attain

All in all, these guys don't really have the kind of buying clout you should be looking for. So who should you be looking for?

Well who of all the generations has the most money to spend on regular trips abroad and impractical, soft topped sports cars? The 'SAGA' generation that's who - 50 years and over. My ideal buyers are couples in the market to 'downsize', or single ►





women who become light headed at the thought of doing DIY. These buyers understand they will pay a premium for a high end renovation by my team and are happy to do so.

### **Sell the Lifestyle**

The 'look and feel' of my Buy to Sell property model takes inspiration from those people in the know. Magazines like 'Living Etc' give me a sense of current trends and designs that I then replicate time and time again. Feature walls, kitchens, bathrooms, interior decoration, stick with what works and make it your system.

If interior design is not your thing then just take a leaf out of Ikea's book (or catalogue in this case). Ikea, John Lewis, Next, House of Fraser and the like all have one thing in common that makes them the best in the business. They all know how to sell to women. Ask yourself who makes the decisions in your household, I'm gleefully generalising here but let's say around 90% of the time, it's the ladies. So remember that you are retailing property not wholesaling it.

### **T is for Technological**

Technology is changing all the time, everyone knows that, and it's only getting better. This means advertising your Buy to Sell project is easier, cheaper and there are more formats to choose from. This also means there's more competition so you've got to be professional from the get-go and make yours prettier than the rest. If the decision maker, who we have established is the woman of the house, is influenced by those around her (sister, mum, children, work colleagues, friends), then I'm interested in what influences those people. If those people don't get to visit the

property, which is likely, then they will be viewing the property online through a property portal or an agent's website.

### **What can I do to help them say 'yes' to my Buy to Sell project?**

Here are a few tips for you:

- ♦ Get your photographs shot by a professional
- ♦ Get photographs shot in landscape mode as many agents won't use portrait
- ♦ Get the photographer to shoot some lifestyle shots (glossy) and some practical room shots
- ♦ Make sure you have 2 or 3 times the number of photos as other properties
- ♦ Write the property description for the Agent
- ♦ Make sure your description abides by the Property Misdescriptions Act 1991 (although ultimately the agent is responsible for this)

**“ Ask yourself who makes the decisions in your household, I'm gleefully generalising here but let's say around 90% of the time, it's the ladies ”**

You will probably get some resistance from the Agent by writing your own description but don't budge on this. Agents tend to use industry jargon that they think sounds impressive but many prospective buyers won't understand it. Here's an example, an Agent might describe a room as being a 'double aspect, radiator', when what they actually want to say is that 'the light filled living room has wonderful double windows'.

### **L is for Legal**

With all that can go wrong in the world of buying and selling property you need to make sure you have a helpful and proactive conveyancing solicitor who will look after your best interest.

Why do I need to worry about this? You don't want to be dealing with formal letters and old fashioned solicitors when what you really need is a solicitor happy to hand out their mobile number and a quick decision. The difference in which can make a huge impact on sales proceedings and the speed of sale. All of which affects your Return On Capital Employed.

### **E is for Environmental**

Thankfully I can say that as of yet I have been unaffected by any environmental factors but this can always change and I keep a 'weather eye' on environmental developments.

The PESTLE analytical tool works well as my Buy to Sell strategy for now. But in this ever changing industry the best way to keep pace is to expect to change as it does. My property strategy responds to the external market place and as long as there are buyers who are willing to listen, I will always be happy to share the changes with them.

I wish you all the luck in the world getting out there and generating that Buy to Sell profit.

**PIN**

*About the author: Susannah Cole is highly respected in property investing circles. She is a well-established property expert who is running a very successful 'flipping' strategy. She started The Good Property Company just three years ago. In that time, she and her team have sourced more than 125 properties, at an average discount of 29.5% to A1 market value, with a value of well over £22 million, in Bristol.*