

Richard Blanco:

Hello, and welcome to Listen Up Landlords, with Ben Beadle and me, Richard Blanco. There's an old adage that you should only buy-to-let within an hour of where you live. But what if you've inherited property at a distance, or had to relocate for work and decided to let out what was once your home? Price inflation in London and the Southeast has also encouraged landlords to look further afield. We will be speaking to remote investor, Harvey, about buying and managing property in the Northeast, when you're based in Essex. NRLA Advice Line Compliance Specialist, Dan Cumming will be bringing us up to date with the latest conundrums facing callers. But first, it is estimated that 1.5 million lease holders are affected by unsafe cladding.

Richard Blanco:

We've heard a lot about homeowners facing this predicament, but many of the new build blocks now requiring works were marketed to and purchased by landlords. I'm joined by Liverpool based landlord, Steve Bagnall. Welcome, Steve. And thanks for joining us.

Steve Bagnall:

Hi.

Richard Blanco:

Steve, you bought a property in a block as part of your pension, I think really, and obviously turned that into a buy-to-let investment. And originally, cladding was not affected on your block, but I think that situation got more complicated, didn't it? Can you tell us a bit about it?

Steve Bagnall:

Yeah. The buildings were built about 15 years ago, and the problem is that the cladding, it's not like the cladding at Grenfell. It's expanded polystyrene, a material that's been used for insulation for decades, that people have always known is flammable. There are balconies that have wooden floors. It's always been known that wood is flammable, and that all passed building regulations when it was built. So, I bought a flat that met all the requirements, and now the goalposts have moved, and all that material has to be removed and replaced at vast expense. And it just causes everyone involved huge stress and worry.

Richard Blanco:

Now, are you having to pay for this through increased service charges, Steve? And are you able to get any government help?

Steve Bagnall:

Well, that's just the half of it, really, because meanwhile, because of this, service charges have quadrupled. I just had some extra bills this week that are probably going to double it again. With all the bills that come from this, one of the ones you may have heard of is that various fire services have said, "Look, these buildings are safe, as long as you have waking watch, which means someone on a 24 hour patrol." The cost of that is absolutely astronomical. And I just don't know. I mean, there are many people in our blocks who just don't know how they're going to pay for this, who feel they could be bankrupted by it, homeless. In terms of my renting business, if it was a company, it would be insolvent. It's just hopeless.

Steve Bagnall:

Now, when these changes are all as a result of either the government failing to run an effective building regulations programme, or moving the goalposts and saying that those building regulations that applied when you bought it, no longer apply, and you can pay. Now, with something like COVID, the attitude the government has taken to businesses is, if there's something the government does that causes your business a catastrophic loss that could drive it to bankruptcy, we're going to help you. We're going to support you. But it hasn't said that to landlords. It's just, tough, you're on your own.

Steve Bagnall:

I mean, it's even worse for the owners, people who've saved and bought their flat who could end up bankrupt or homeless. It is just disastrous, but the government help is very limited. They're saying they'll help towards the cost of some of the cladding. If the buildings are more than 18 metres tall, they have set up some funding to help you with the waking watch funding. Again, only if a building is more than 18 metres tall. But of course, what happens to these buildings is when surveyors come along and start scrutinising them in great detail, as would probably happen with any building, the surveyor starts and, "Oh, yeah, you better fix this as well. You better fix that as well." So, it's not just the cladding, and it's not just the type of cladding used at Grenfell.

Richard Blanco:

Now, I understand you can't sell your property, and you haven't been able to change your mortgage. Can you tell us a bit more about that?

Steve Bagnall:

No one in these blocks across the country can sell these properties, so people are stuck there. The other thing that happens with mortgages, and I think I've been lucky now, because my mortgage rate was running out. It was fixed for two years, and it defaults to triple the rate. Unexpectedly, my bank did agree to let me re-mortgage, but that was to my surprise. And I suspect there's a lot of banks are the saying, "Tough. You just default to the standard variable rate," and it's usually about triple what you can get on a fixed rate. So, there'll be a lot of mortgage holders, a lot of buy-to-let landlords who'll be in that position.

Richard Blanco:

So, you have been able to product switch with the same lender, have you, Steve? Is that what's happened?

Steve Bagnall:

Yeah.

Richard Blanco:

Do you think it's any worse for landlords than it is for homeowners? I hear some people saying that homeowners have said, "Well, it's all right for you. It was just an investment. And when you invest, you know you're taking a risk. So, you took the risk and it turned out bad."

Steve Bagnall:

Sure. I think the issue for landlords is the one I mentioned, that it's the government's attitude to businesses, where the government moves the goalposts, take some action. And quite rightly with COVID, they've said, "Because of our actions, your business will be drastically affected, so we will support you." They are not doing that with renting businesses.

Richard Blanco:

Are you able to let the properties? Do tenants feel secure in them?

Steve Bagnall:

That's still possible, because in a sense, the irony is that the safety in the building now has more scrutiny than it's ever had in the history of the building. There is the 24-hour waking watch. People are very safety conscious. There's been thought about people leaving too much rubbish in the bin stores. So, people have become very safety conscious. And the fire service has said, "Yes, it's safe if you do these things," but it's the cost of doing them that's the problem.

Richard Blanco:

And how has this impacted you and your family, Steve?

Steve Bagnall:

Stress, anxiety. It's just something you never envisage buying a modern building, built to 21st century safety standards.

Richard Blanco:

What do you think of how developers and managing agents have dealt with this situation?

Steve Bagnall:

Funny enough, I wrote to Robert Jenrick, Secretary of State, in December, and he replied two days ago, or one of his officers replied. They said, quote, "The government has been clear that building owners and industry should make buildings safe without passing on costs to lease holders." Well, too long has passed for me to sue the developer, even with changes. The government's proposing to extend the period in which you can sue, but that's not going to help me. I'm over the limit for that. But actually, we can't afford to do a risky legal action anyway. So, I can't sue the developers. I don't even know if they're still in business, or still exist to sue them.

Steve Bagnall:

And the government has said, "Well, the owners should pay." Well, the only income that the owners of our flats have is the service charges from the lease holders. So, that's a ridiculous idea. So, I don't know, either he doesn't understand, or it's a deeply cynical reply. But our managing agents, I mean, they've been absolutely great in trying to manage this, what must be a nightmare scenario for them. But it just doesn't solve anything, because the people who own these flats, whether they're homeowners or landlords, will not have the money that it costs to fix them.

Richard Blanco:

Steve, thank you very much for joining us. And I really hope that things turn around for you.

Steve Bagnall:

Thank you.

Ben Beadle:

To try and understand the scope of this problem in the private rented sector, and if there is any hope for landlords like Steve, I'd like to bring in Andrew Bulmer, who is the Chief Executive of Institute of Residential Property Management. Andrew, thanks very much for joining us. This matter is a problematic matter for a lot of lease holders. I think it's estimated that one and a half million lease holders are affected in some way. How many landlords do you think might be impacted by the cladding crisis?

Andrew Bulmer:

Okay. So, there's two different types of landlords here. If we're thinking about private rented sector, buy-to-let type landlords who may have portfolios, that's one figure. If we are looking at individuals who have bought ground rent investments and all that, the free holders, that's a very different figure. I can give you some more information on that. The cladding stats, as of the end of May, are the two different sets of cladding problems. One is the ACM stuff. That's the petroleum jelly that was wrapped around Grenfell. And then you've got the building safety from cladding. So, that's things like high pressure laminates, whether they're more or less flammable, when they go up, they can go like a firecracker. The ACM fund, the Grenfell fund, you might almost call it, it's very advanced. 469 buildings with ACM. 93% of them are right underway.

Andrew Bulmer:

I think 288 completed, 148 on site. So, there's really good progress on the ACM buildings. The rest of the cladding problems though are way, way behind. Government realised that it was more than just the ACM, so they set up a different fund, the Building Safety Fund, and that's now standing at, they put a billion in and then they put another three and a half billion in. So, it's a chunky sum of money which is available. 2,789 buildings were registered. 646 so far have been verified as eligible. And there's been a chunk that's withdrawn, about 466 applications were withdrawn. And that's withdrawn because there's lack of information, or it's other solutions have been found. And there's about 480 which are ineligible, because there've been difficulties measuring buildings. Where do you measure a building from? How high is it? And what happens if it's 17.9? Can it go in? 17.8, could it squeeze in? Where do we start? Where do we stop?

Ben Beadle:

I wondered, Andrew, whether the impact is spread evenly across the UK, or whether it's been concentrated in particular areas. Could you shed any light on that?

Andrew Bulmer:

The best answer to that is look out of your window, what's the weather? If you can see lots of tall shiny towers in your city, you've got it. Clearly there's a concentration in London. Clearly there's a concentration also in cities, such as Manchester. But it is, to a certain extent, in every town in the country. There are very few cities which don't have some buildings that are affected.

Richard Blanco:

Who is ultimately responsible for flammable cladding being put on high rise buildings? Surely it's down to building control, isn't it, local authority building control, because they ultimately authorised it?

Andrew Bulmer:

I'm flattered that you think I'm able to answer this question at the moment. I'll go through the candidates. So, local authority building control would argue that if a product was certified, it could be installed. So, was the product certified? Was the certification process valid or cheated? And if you want the answer to that one, go and listen to some of the Grenfell podcasts about the certification of some of the materials. There will be builders that will have done bad things. There will be builders that will have put cladding on in good faith, and would argue that they are not responsible. And there's some justification to that. Not all of them, but certainly some of them.

Andrew Bulmer:

But it isn't just cladding. It's the other risks. As you take cladding off buildings, you start to discover those compartmentation failures. Take a cladding off, and sometimes you can look right through into the flat inside. So, whilst the cladding is heated debate as to who is responsible, once you start to get into the building and you realise there's missing fire compartmentation, the wrong fire doors have been installed and so forth, that really tends to come down more to that building. And that probably sits more with the developers.

Richard Blanco:

I guess what lease holders the saying is, in spite of all this nuance and complexity around responsibility, how is it that lease holders can in any way be held responsible financially?

Andrew Bulmer:

I'll answer the how in a moment, but I need to lead with the statement that they jolly well shouldn't be. They bought our buildings in good faith, and they shouldn't be made responsible for bad buildings. Whether it is a failure of government regulation, local authority, building control, certification, or just bad building, why should they be paying for it? That's not fair and it's not right. And that's at any height, above and below this 18 metre threshold. The how is because under traditional leasehold legislation, a lease holder owns a flat and they are responsible for paying for the maintenance, repairs, and upkeep of that building. And that's fair enough. I live in a house. I have to pay to repair and maintain that. And a flat owner would think, "Well, I'll pay my share of maintaining the building that I live in," but I would never envision a situation where you've got a multi-million pound remediation project, because the thing wasn't built right in the first place.

Andrew Bulmer:

So, the how is because of the way that the legislation is drafted. There are campaigners who are saying, "Well, get rid of leasehold then." Well, the alternative will be a strata title, or the situation they've got in Scotland, where you share the ownership of the freehold. And actually, you'd end up with the same thing. You still own the building, and you still end up having to pay for it. So, the mechanism, whether it's through the lease or through commonhold association, that it's generally set up so people pay to maintain their own buildings. The problem here is that they weren't built right in the first place.

Ben Beadle:

Indeed. And Andrew, the government have offered help through the Building Safety Fund, haven't they? And I wonder whether you might just in a few sentences, explain to our listeners what that entails, and what help is being provided.

Andrew Bulmer:

So, the building owner, or sometimes the agent on behalf of the building owner, would make an application to the Building Safety Fund. There are criteria, there are many criteria, there's a lengthy set of documents to go through. And they want plenty of information about how the building was constructed, and they want to see what surveys have been done and so forth. Once all that information is through to the Building Safety Fund, it is then being, those applications are being processed. And Homes England need further information on that. And then they come back and they'll have that conversation with you. Generally now, not at the start, but generally now, each application is given a case handler, so you have got somebody to talk to as it makes its way through. And at the end of it, they will come back and say, you got your funding, or you haven't. The funding will cover some of the fees involved.

Andrew Bulmer:

And it can also now cover some fitment of alarm systems, to avoid having to use waking watch in the meantime. There's a separate little fund for that. But ultimately, it's a thumbs up or thumbs down from them as to whether you get your money or not. What the fund does not cover are works which are safety related, but not related to the external wall system. So, if you take that wall system off and you discover that there's all sorts of other compartmentation horrors, you're going to have to go back to every lease holder in the building and say, "While the building is naked, we need to do this work. The fund doesn't pay for it. So, you're going to have to send us money, please, as quickly as you can, because otherwise we can't get this job finished."

Andrew Bulmer:

There is a third category of cost, which is becoming apparent, which is also that we're having buildings that are prematurely ageing. There is one building in this country less than 20 years old, where it had to be evacuated because when they took the cladding off, they discovered that the concrete had cancer and the building was unstable. And you're probably going to think about the recent building collapse in Miami, to realise that there's the risk that that also is not a unique occurrence. And that cost, again, would not be met by the fund.

Ben Beadle:

Tell me, Andrew, the government has singled out properties that are above 18 metres and below 18 metres, as to whether that's a grant or a loan. What's the significance of 18 metres?

Andrew Bulmer:

It's random based on logic. But if you're over 18 metres, you're further up. You're higher. The risk is greater. There was a thought it was about a fireman's ladders, how tall can they get, but the reality is, by the time we parked across the street and reached over a car, you're more like 11 metres, but you have to draw the line somewhere. My driver is that the Building Safety Fund covers buildings which are above 18 metres, but below 18 metres, the residents are stuck.

Ben Beadle:

And what help can those residents get if they are in low rise buildings with similar issues?

Andrew Bulmer:

Until the recent draft of the Building Safety Bill, nothing. They're on their own. The Building Safety Fund wouldn't cover it. The proposed draft Safety Bill, which has just come out, proposed extending the Defective Premises Act, the DPA. And the DPA said, if the building was built badly, you could claim within six years. That period has been extended to 15 years. So, you'll now be able to claim if it's up to 15 years old. However, a lot of buildings were built using SPVs (Special Purpose Vehicles). And of course, once the building is completed, that actual company is closed down. So, the builder doesn't exist anymore, or the builder could have gone bust. Also, the insurers are saying, "Well, when we underwrote people's policies, the engineers, the architects, and various other people who may be in the frame for a claim, we underwrote those for a six year period. We are not extending the insurance cover from six to 15 years."

Andrew Bulmer:

So, even if you sue them, they may not be insured. So, I think people under 18 metres are in a powerless position. Government have said that they are bringing out a funding scheme for buildings under 18 metres. We've been waiting for this for a long time, now. It was announced in the budget. Still not there. We haven't time to go through the mechanics of why it's really, really difficult to make that scheme work, but suffice it to say, we have reservations that that funding scheme will ever work. The proposal, should it land, is that lease holders would be given a loan, and the cost of that loan will be no more than 50 pounds a month. Our view is that even that is crossing a moral rubicon, they have to pay to fix buildings that are faulty through no fault of their own.

Richard Blanco:

We're hearing that some properties are being valued at zero. Can that be right?

Andrew Bulmer:

Yes and no. So, I'm a chartered valuation surveyor. If a property falls out of lending criteria, it is generally valued at zero. That's just how the system works. So, I go back to a thatch cottage. It turns out the lender doesn't lend on thatch cottages. And so, the valuer will be instructed simply to put a zero on the property valuation. It doesn't mean that the thatch cottage is worth nothing. And similarly, if a flat is out of the lending criteria, then the value would return a zero evaluation. It doesn't mean that the flat is worth zero.

Richard Blanco:

But it's a very sobering thought when somebody's shelled out several hundred thousand pounds, isn't it?

Andrew Bulmer:

I think any lease holder that is faced with a life-changing sum of money to fix a bad building that they bought in good faith, that has a terrible and negative effect on lease holders. There's not many of us that can reach into our back pockets and pull out 25,000 or 50,000 pounds. These are life-changing sums, and I have enormous sympathy for lease holders in that situation. That's why we have campaigned for lease holders not to pay government to step in as a funder of first resort, at least. And if

there are funds to be clawed back through warranties, or from developers or developers levy or wherever, because the taxpayer shouldn't really be paying for this either, then so be it, but lease holders shouldn't be paying to fix bad buildings.

Ben Beadle:

I agree with that, Andrew, and I know IRPM and NRLA will be collaborating in the coming weeks to get this issue up the agenda. Thank you so much for giving some really fascinating detail around what is a really thorny and very relevant subject. Andrew, thanks for joining us.

Andrew Bulmer:

You're very welcome. Thank you.

Richard Blanco:

It's advice line time, and this month we welcome back NRLA Advice Line Compliance Specialist, Dan Cumming. What topics are coming up this month, Dan?

Dan Cumming:

We've had some of the usual topics, landlords looking for help with tenancy management, deposits.

Ben Beadle:

A mixed bag, it sounds like. I'm wondering, Dan, August can be a busy month for student landlords like me. What challenges are landlords presenting you with in this regard?

Dan Cumming:

So, there's been a problem with student lets, where normally the end of the tenancy comes along, and students are happy to move back home. New students move in - not really an issue. Now tenants have the right to stay on to periodic contracts, of course, but generally they won't do. However, what's happened with the coronavirus, quite sensibly, students are getting coronavirus test before moving home. However, if you're then told to self isolate, you will have to stay on past the end of your tenancy, potentially. That creates the problem for the landlord that they now can't allow the other tenancy to begin. And that can be a tricky issue. It's about managing both parties.

Dan Cumming:

You can't ask the tenant that's in there to leave. They have a legal duty to self isolate in their property. If at all possible, the incoming tenants, if they've not travelled yet, can stay home. If they have already made the journey, it's about perhaps looking for alternative accommodation on a short term basis, or it may be that the landlord might choose to discount some rent for the time period they can't allow it to go ahead. And really just trying to manage that. That's been quite an issue for our members, which we've been able to help them with.

Ben Beadle:

Sounds like it. Keeping my fingers, change of tenancies in a couple of weeks time, that everybody stays well. But one of the things I've been encountering is COVID forcing change in mindset, a change in direction in terms of either signing up or say you want a property and then changing your mind. Have you seen much of that happening?

Dan Cumming:

Yeah, that has been something we're seeing as well. And as well, people generally, when they've committed, are going ahead, but it's definitely perhaps early on in the stage. A prospective tenant comes along and then suddenly, "No, actually, I've changed my mind." So, we are seeing a bit of that as well, unfortunately.

Ben Beadle:

Dan, thanks so much for joining us. I know NRLA members love the advice line and the advice that they get. So, thanks for your work and we'll see you again soon.

Richard Blanco:

Let's explore some of the pros and cons of a remote investment strategy now with landlord and entrepreneur, Harvey. Welcome to the programme, Harvey,

Harvey:

Thank you very much for having me. I'm really honoured to be on here. Thank you very much.

Richard Blanco:

Oh, that's great to hear. I wanted to ask you, Harvey, about your investment strategy. I know you're based in Essex. So, tell us a bit about where you've been investing.

Harvey:

So, yeah. I'm based in Essex in Brentwood Essex but investing in the Northeast on Stockton-on-Tees, which is around 250 miles away, and about a four hour drive if you get a clear run and don't get hit by traffic.

Richard Blanco:

And why did you decide to invest up there?

Harvey:

I did initially start buying local to home, and bought a handful properties locally. And I just run out of money. And I met a guy from the area that I got along with really well. He'd moved down, and he'd met a girl that I knew. And he had a large portfolio in the area, and he supported me, guiding me, the good parts, the bad parts. Guided me with the network into the area. And really, the penny dropped for me to make this work. So, I remember going to a seminar once, where all of them were saying, "Only invest within an hour from where you live." So, I was born in London, but I grew up from the age of six in a little village called Aveley. And without even any education, or any reading or anything, I knew instinctively that didn't work as an investment location. There was no employers. The price was too high.

Harvey:

So, I initially went to Southend-on-Sea, which was within an hour. The only things that really worked locally was HMOs. Single let buy-to-let properties didn't work. So, I've got my first joint venture partner. I've done an HMO, and soon realised, "Wow, all the compliance and the extra management that went

into an HMO, to even raise money with a joint venture partner," I was like, "Wow, to raise this amount of capital each time, it's quite difficult." The penny really dropped for me when the first tenant that moved into my first buy-to-let property in Southend within an hour, moved out.

Harvey:

And within a week of the second tenant moving in, we got a phone calls saying, "Oh, there's prostitutes walking past my house." I bought that right in the middle of a red light district. I didn't know Southend any better than I knew Stockton-on-Tees. But in fact, I knew Stockton-on-Tees better, because I met a guy that knew it really well. Today, with the internet and online, you go onto Facebook, you can go into the communities and groups, even though I had a great entry point to the area, since 90% of my network there is from this networking online, making contact, connecting with people. And yeah, it's more achievable than it has been before.

Richard Blanco:

But you may get better rental returns, of course, in the Northeast, but obviously you get less capital growth. You probably end up buying more properties because they're cheaper, but then of course, you have more property management. So, are you sure it balances out okay?

Harvey:

Even though I'm a remote property investor, I always say to people, it's not for everybody. There's pros and cons for everybody. You've got to work out if it's a right fit for you. As I said, if you're in and around London, the barrier to entry financially could just be a complete non-starter. But also, capital growth, I'm not sure about the future of capital growth. If you look at the history of capital growth, London has really plateaued since 2016, and it's because of the price per earnings ratio, the taxation that come in, everything that led up from 2014 to 2016, all the government policies have really not supported London for the future, capital growth in London's reduced. The barrier to entry has increased. And the taxation, has increased. Then they done the power to the north deal. The infrastructure is starting to come back, and the employment's coming back. And no longer is it important to have a central hub in London because business is done online.

Ben Beadle:

I love your enthusiasm for this, and you're single-handedly levelling up the north versus the south. So, talk to me a little bit about your target audience then, and how you go about finding the right tenant. Because I live close to my properties, or within a half-hour distance. If I get a phone call to fix this, that, and the other, you can't easily do that if you're four hours away. So, how do you go about selecting and sourcing your tenants? What do you look for?

Harvey:

Yeah. So, again, great question as well. I get asked all the time. There's four different types of investor. You've got your hands free guy that pays someone to do it. And you've got your part-time, somebody that I know, a guy works for Google, but he enjoys a bit of property on the side. He likes going to network events, reading the books. Then you've got your solopreneur, which is the guy that fixes the tap himself and is close to his tenants. And then you've got your ultrapreneur and investor. So, if you want to be a solopreneur investor, then don't do it remotely. You're going to have to find something that works a little bit closer. But if you want to be an ultrapreneur, which most of them I know do want to be, they want to get something that gives them a passive income, (if there's such a thing). If you're far away,

you're forced into systemization. You have to systemize it correctly to be able to run with value. So, most people want that when they're close to home or not. Not what a lot of people get into property for.

Ben Beadle:

How do you deal with those types of call-outs then? Have you got a decent contractor base? How'd you make it work?

Harvey:

I built a team around it. It just takes time and effort, and kissing some frogs. We put our own lettings company in the area and our own lettings team. So, over time, we built the network, which took time and effort. But if I had my time back, I would definitely get letting agent to do it. But like anything you work with, you've got to qualify and disqualify the right letting agent. Just because they've got a pretty website, or they're a good salesman, you really got to dig deeper into qualifying to make sure they're the right fit for doing what you need to do.

Richard Blanco:

Obviously, remote investing means dealing with agents, and that involves a lot of trust. I know you set up your own agency now in Stockton, but just tell us a bit about what it's been like working with agents. Because some can be great, some can be a nightmare.

Harvey:

Yeah, absolutely. And the thing is that, as I said, I find it really not much different from doing it locally now. 10 years ago, 15 years ago, it was a massive, vast difference. But how many people walk into your estate agents a day? How many people walk into find a builder's merchant and walk in there? You find everything online, you do everything online. And you can network and communicate online. 90% of people today are online, and that's including estate agents, letting agents, builders, solicitors. When you can build out a little bit of an online profile, this is networking on steroids. Whether you're going to invest locally or far away, people do business with people they know, like, and trust. 15 years ago, there's a big difference. Today, there's not so much. It's more of a mindset shift.

Richard Blanco:

Now, I always think that's an important part of my business. One of the most important assets, I think, is my relationship with the tenant. Do you know your tenants personally? And if not, what is the impact on the business?

Harvey:

No, but I do get my team to have that personal relationship with them. I choose not to, again, because I'm not there. It takes a lot of time and effort to become an ultrapreneur investor. Building up systems, building up teams, building up networks is something you can't do in a click, unfortunately. Otherwise, I'd be there already. But yeah, we're trying to muscle a team around that, and we've got business training on building relationships with those. So, I outsource that.

Richard Blanco:

I also wanted to ask you, what would it take for you to go up there? What actually has to happen for you to think it's important enough for you to go up there and see?

Harvey:

When I was more aggressively buying, I was going about every two weeks anyway. And that was more of a choice, didn't have to. I'm not kidding myself also. It is more beneficial when you are there. There is pros and cons of it. I do like to get there from time to time. And not because I have to, because I just choose to, and like being present. I've got a team there, got an office there, and turning up in the agents, and meeting the builders in person does help.

Ben Beadle:

We've probably got a few landlords that are listening in that are looking at your scenario and thinking, "Well, everything I've been told is around investing close to where I live. Maybe I should have a go at remote investing." If a landlord is starting out, what would your advice be?

Harvey:

Yeah. So, my advice, if it can work locally, try and get it to work locally. But the thing is, if you live in London, you've only got 30K, there's no way it's working. So, then you have to look. So, I think there's some fundamentals. Again, the power of your questions is the power of results. So, questions like, location, how far away is it? So, what happened with people when I ask them this? I say, "Score it out of five." So, for me, Stockton-on-Tees scored a one, because it's four hours away. But then number two, price. My first property I bought, I only had 15K, and I needed 13K in total to buy it. And I managed to refinance all my money out of that. So, I couldn't get close to that where I lived. So, price for me scored a five. Then it was network. Network was a five for me, because I met the guy from there, the large portfolio, connections in the area, and giving me guidance.

Harvey:

The next question you want to ask yourself is capital growth. You really want capital growth. Then you would ask yourself, "Okay, do I want forced appreciation?" Then you ask yourself, "What are the yields like? What yields would you exchange and return in," add to that score. And what the rental demands are. So, for me, because there was good forced appreciation, because there was good network in the area, because the barrier to entry price was good, it out-weighed some of the others. So, yeah, you just got to ask yourself what you want from it, first of all, and then reverse-engineer that.

Richard Blanco:

It's good advice, however, you can't always tick all of the boxes, can you? I often think that's around builders? I want price, reliability, and quality, but I rarely get all three. Well, look, wishing you all the best with your ongoing property journey, Harvey, and thanks very much for joining us.

Harvey:

Yeah. Thank you very much. I really enjoyed it.

Ben Beadle:

That's it for this episode. Thank you to all our guests and to our producer, Sally Walmsley

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Richard Blanco:

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Ben Beadle:

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