USING TRADITIONAL AND DIGITAL METHODS OF PROPERTY SOURCING TO SECURE DEALS

Interview & words **Raj Beri**

Arguably, property sourcing can be divided into two main categories. These include the more traditional methods such as scanning Rightmove for listings posted by agents or if targeting D2V, one could use leafleting, newspaper advertising etc. One of the problems with online platforms is the sheer number of sites one has to scrutinise to assimilate the required due diligence information. Does one use Rightmove or Zoopla? What about sold comparables? Where does one gather data for rental comparables?

In this article, **Tristan Gordon** of ZebraInvest, shares his property investing knowledge and describes how he has deployed the more traditional approaches to source deals, which in one case involved walking the streets to look for derelict properties. He has also successfully deployed the PropertyData platform (propertydata.co.uk) to secure multiple deals. The latter brings together data from multiple sources and enables novel methods of filtering to identify potential deals.

YPN: Tell the readers about your background and how you got started in property.

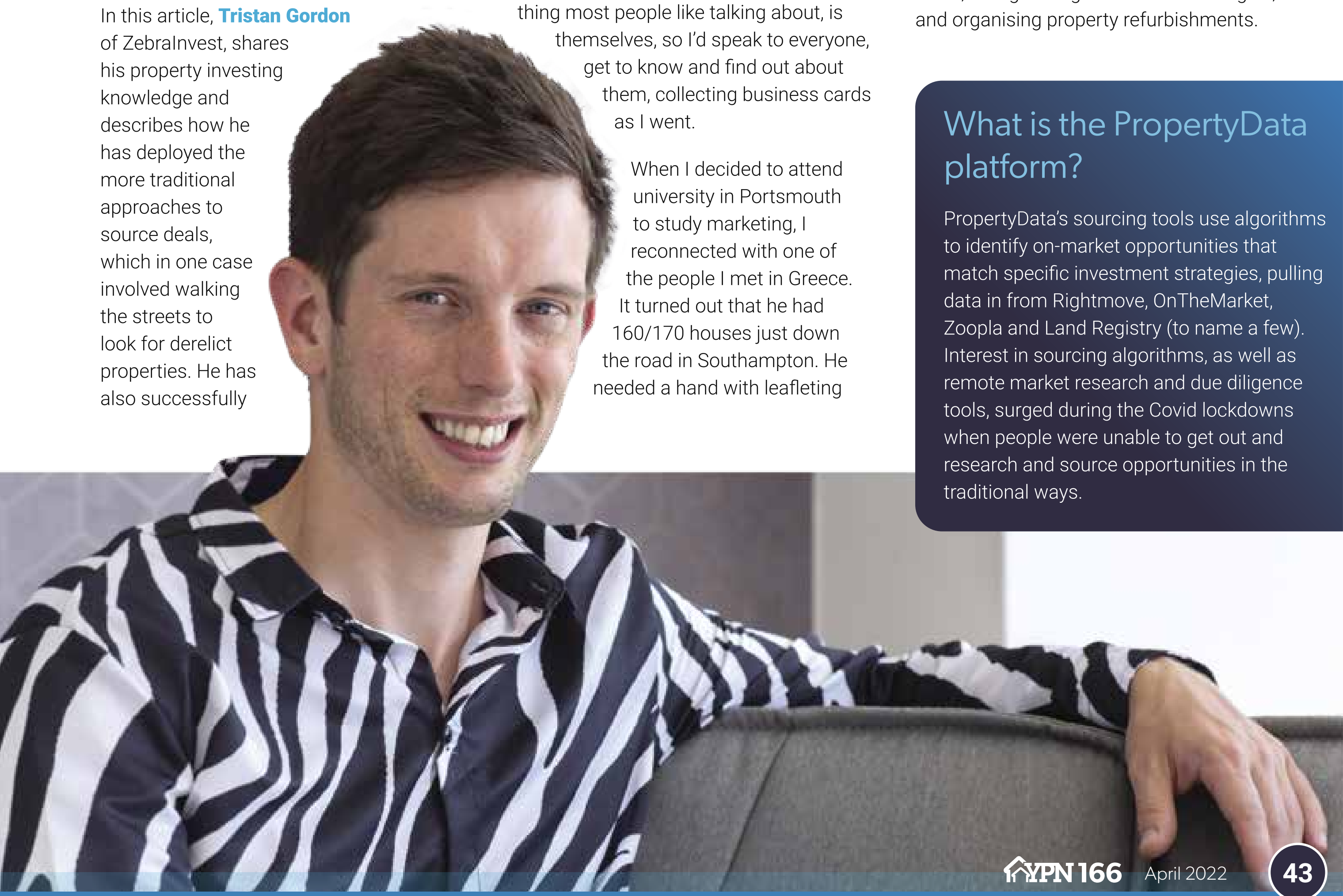
Tristan: I escaped sixth form and headed off abroad, ending up on a beach in Greece teaching water skiing. Being so young meant that people didn't want to risk getting on my boat and being taught by a school kid – they had little belief that I could deliver (I was called "the work experience kid"). I was once told, that the thing most people like talking about, is themselves, so I'd speak to everyone, get to know and find out about them, collecting business cards as I went.

When I decided to attend university in Portsmouth to study marketing, I reconnected with one of the people I met in Greece. It turned out that he had 160/170 houses just down the road in Southampton. He needed a hand with leafleting as he was looking for students to rent out his properties, so I ended up helping with that. Later, he invited me to view some of his portfolio and I started to get a feel for the property world. A few years later whilst I was on holiday, I received a text from the same property investor asking if I would like to work for him which I agreed to do.

Initially, he asked me to do some viewings with estate agents with the aim of acquiring more properties. At the time, borrowing funds from mainstream lenders was still difficult due to the crash some years earlier, so I was also charged with finding investors. Without even realising it, I ended up learning the whole property acquisition process from finding/sourcing deals, to organising the finance and legals, and organising property refurbishments.

What is the PropertyData platform?

PropertyData's sourcing tools use algorithms to identify on-market opportunities that match specific investment strategies, pulling data in from Rightmove, OnTheMarket, Zoopla and Land Registry (to name a few). Interest in sourcing algorithms, as well as remote market research and due diligence tools, surged during the Covid lockdowns when people were unable to get out and research and source opportunities in the traditional ways.



At the time one of my directors kept asking whether I had bought a house yet, so to end the nagging I bought the first one. By reconfiguring the layout, I converted it from a three-bedroom to a four-bedroom property and in doing so, and without realising it, I'd added enough value to recycle all of my initial capital.

Around that time, I moved to London and fortunately, they had started up a new company called Living London, which was a R2R company for corporate clients. I took the company from six to 24 houses in a twelve-month period. Initially, my role was R2R acquisitions but it increasingly became property management which didn't really excite me as much as finding deals.

YPN: Can you share how your property journey began to evolve?

Tristan: One of the other roles I had along the way was working for a freeholder, who would buy buildings using pension funds or backed by private equity, and then assign the purchase to a different entity using back-to-back transactions. The director of the company also started buying properties that he could title split, and buying buildings with a short lease which could be extended to add value. I began to appreciate that property investing was far more involved and far more creative than I had imagined.

Around that time, my girlfriend had just moved to Southampton and I knew that it would be impossible to find a job role similar to what I already had, so we decided to start our own property business. To acquire more knowledge, I purchased an online training course put together by Susannah Cole, which included sourcing, raising private finance, writing a business plan and it also provided a lot of useful templates and documents.

Whilst working in London, I started researching Southampton and asking my girlfriend to view properties, which I would then evaluate as deals. By then, I appreciated that HMOs would work but also understood that not every deal is a no-money-left-in one. I therefore began to think about what I could do to generate funds to allow me to do deals where some of my capital may remain tied up, but for a good return. I decided that flipping properties would be the primary focus moving forward, ie profits from flips would be used to provide funds to buy assets for rental income.

The first deal came from someone I knew at work and it's the one that we converted from a three-bedroom residential unit to a four-bedroom HMO. I managed to fund this project using money I had scrimped and saved over the years from various side hustles, eg running a mobile disco, selling stuff on Ebay. I managed to purchase the

Case study 1

68 South East Road, Southampton

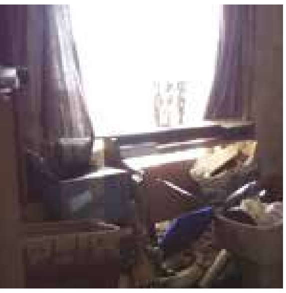
A two-bedroom, uninhabitable empty house that needed a back-to-brick renovation to create a beautiful starter family home.

PURCHASE DATA

Purchase price	**£125,000.00**
Deposit	**£37,500.00**
Mortgage/remortgage (loan amount)	**£87,500.00**
Refurbishment	**£81,141.67**
Purchase costs (inc survey, planning, vendor's legals, bridging fees)	**£11,366.00**
SDLT (as reclaimed by Cornerstone)	**£1,225.00**
Interest amount @ 0.79% pm	**£10,136.14**
	£228,868.81

SALE DATA

Sale price	**£253,000.00**
Legal & bridging fees	**£1,567.49**
Estate agent fees	**£3,036.00**
	£4,603.49
Gross profit	**£19,527.70**
Margin	**7.7%**



property using a 15% deposit for £212,000 and was able to refinance my capital two years later with a valuation of £280,000.

Having read Simon Zutshi's Property Magic book and Susannah Cole's material, I knew I had to explore funding options in more detail for future projects. I came across bridging development finance and connected with Together Finance for one of my earliest projects. They have been very helpful on the funding side and have also been useful as a sounding board. An additional source of knowledge and input has been my fantastic broker, Simon Hodgson.

YPN: Tell the readers about your first case study, which was sourced using the more traditional approach of walking the patch.

Tristan: For the last few years, the market has been extremely competitive and it's often difficult to find and stack deals. I knew that to find good deals I would have to use non-conventional approaches rather than simply browsing the same online portals as everyone else. Each deal needs an angle and one way to do this is to be able to undertake a deep-dive of the data, which I will cover in my second case study and which used the PropertyData platform.

Having a degree in marketing, I knew and wanted ZebraInvest (my company) to be highly visible locally so I had a van wrapped in zebra print. Whenever I drove or walked past a property that looked empty or looked tired/messy, I would stop. Then, I would take a photo and ensure that the door number/street name was captured and that the location settings were enabled on the smartphone, so I could recall the information for further analysis.

I would then pop a handwritten leaflet though the door and also set up a system to send follow up letters. My first deal using this approach came after I had been walking the patch and spotted a property where the grass at the front was about four feet high. The window at the front of the property had fallen out and rubbish had accumulated everywhere. Every time I drove past it, I would post a letter or drop a leaflet and eventually I received a phone call from the sister of the person who had unfortunately passed away at the property. It had also been her family home in the past and although she had fallen out with her brother, the property still had emotional ties for her.

TIP To work out the end value, divide by 1.2 to include a 20% profit margin, multiply by 0.92 to include 8% costs and then finally take off the refurbishment costs which will give you an offer figure.

After building up some rapport, I eventually managed to get a viewing. It was in a very poor condition internally, with no heating, and it was full of personal stuff that they had started clearing out. Having been advised that I could save on the SDLT as the property was classified as unhabitable, I started to stack the deal financially using what I had learnt, and offered £125,000.

She agreed to my offer and I decided to work on the deal with a JV partner I had met through networking.

Having done the financial analysis, I knew that it would need to be a flip project as the rent would be insufficient to pass the mortgage stress test. We felt that the property would be an ideal two-bedroom flip as it was in a nice area, with good schools and would make an ideal starter home for a couple/family. Although the project was a JV, we used a combination of bridging finance and personal funds. The project went very well, although there was a delay during the property sale due to a chain breaking down and a lack of available trades. Fortunately, the bridging company was very understanding due to the pandemic and agreed to extend the bridge until the property was sold, which happened a short time later.

YPN: Tell us more about your second case study which came via using the technology platform PropertyData.

Tristan: I would describe PropertyData as a one-stop platform for property information and data analysis, ie it gathers a variety of data from a number of resources. These include: property sale data from Rightmove, Zoopla and On The Market portals; comparable property sold data; refurbishment costing data etc. An investor's aim should be to find and analyse potential deals as quickly as possible and this platform is a fantastic tool to do just that – in the last 12 months, we have identified four deals using PropertyData.

It is a data driven platform and can be confusing to navigate due to all the functionalities, so I started to create videos on my YouTube channel to show viewers how to use it effectively. One of the most interesting features of PropertyData is the evaluation of properties by their size and their actual worth per square metre or per square foot. Let's assume you know your area quite well and the software is showing that the average property price is £300/square foot. Perhaps you have identified a specific property which is showing up as an outlier at £150/square foot. This property would be worth exploring further, which is exactly what I did for the second case study, Highlow Road. If someone was just looking at the photos on Rightmove, it would be difficult to see the potential of the property as it just looks an odd-shaped but very large house. In this instance, it was being marketed as a nine-bedroom property by three agents.

I decided to book a viewing, which was conducted by the vendor, and it was obvious that if the conservatory linking the two buildings was demolished, one would essentially end up with two houses. As a nine-bedroom house, such a large property would be of little interest to the market,

which is why it was struggling to sell. Having said that, the availability of a nine-bedroom house for £475,000 is unheard of in Norwich.

The existing layout of the property meant that it was very amenable to splitting into two properties – there was even a conveniently located fence that ran through the garden! The plan in my head was to split the plot into two houses, refurbish one side to sell on, and install new utilities to the other side to create a fully functional three/four-bedroom bungalow as a new address/residence. I estimated that by obtaining planning permission/lawful development and undertaking the necessary works, the cumulative value of the two properties would be upwards of £700,000. Recently, we agreed the sale of the house for £425,000 which will leave £75,000 in the deal. We are currently pursuing planning on the other plot to develop the bungalow to sell on.

I get asked all the time whether it is possible to do no-money-left-in BMV deals if one does little/no work. It is difficult these days to pull the wool over the surveyor's eyes with purely so-called BMV deals, where no value has been added. However, it is certainly possible to buy an oversized property and using fairly light-touch planning and lawful development, split one property into two to achieve the desired value-added uplift.

The great thing about using the PropertyData platform is the ability to mix-and-match key search terms to find motivated sellers and/or value-add properties – terms such as "cash buyers only but only properties that are repossessed", or "cash buyers only but only properties with a short lease", are easy to combine.

YPN: What are your objectives over the next few years?

Tristan: For me, it's ultimately about having some choices and flexibility in life and I am working at a million miles an hour to try and achieve that. I have had a great childhood even though my parents often struggled financially. This is not a position I want to find myself in, or wish for my future family, so from a young age, I developed a lot of resilience. It is clear to anyone who meets me that I love property and that in turn gives me the drive and motivation to succeed in this sector. I have spent a lot of time in Greece and met many families who spend quality time with their children and I want to be in a position to do just that in the future.

For motivation, I have written down my goals, pinned them to my notice board in the office and look at them every day. One of my key strategies is flipping properties to generate enough capital that can be used for my long-term cash-flowing deals. In 2022, I would like to do four flips. Two are underway with the title split (case study number two). I would also like to undertake a commercial conversion and do five HMOs. These are big goals but, in my view, if you don't try and go for it, then what's the point?

Over the last two and half years, my business model has slowly adapted and changed but the original plan has not fundamentally changed, ie undertake flips for profit and utilise the profits to set up HMOs for cashflow. The only thing that has changed significantly is that most of the properties I had outside of Norwich have now been sold to focus solely on my local area, as I want to keep future investments on my doorstep. In that sense, I have developed into an opportunist who will consider any type of deal, as long as it's in my locality.

Case study 2

5 Highlow Road, Norwich

A colossal, 270 square metre nine-bedroom house, with a conservatory hallway linking two properties together. By subdividing and title-splitting, two lovely family houses of six bedrooms and four bedrooms can be created.

PURCHASE DATA

Purchase price	**£454,150.00**
Deposit	**£136,245.00**
Mortgage/remortgage (loan amount)	**£317,905.00**
Refurbishment	**£120,000.00**
Purchase costs (inc survey, planning, vendor's legals, bridging fees)	**£12,252.76**
SDLT (multiple dwellings relief)	**£15,224.50**
Interest amount @ 0.7% pm:	**£26,010.00**
	£627,637.26

SALE DATA

Sale price	**£800,000.00**
Legal & bridging fees	**£3,200.00**
Estate agent fees	**£7,200.00**
	£10,400.00
Gross profit	**£161,962.74**
Margin	**20.2%**

YPN: What would be your top tips for anyone looking to start out in property?

Tip 1: Persistence and consistency would be my number one tip. As soon as you stop taking action, lead generation will dry up. So, whether it's walking the streets, or talking to agents or sending D2V letters or using the PropertyData platform, don't stop. There will be endless hurdles and challenges and I would encourage all readers to "stop sweating the small stuff" and keep ploughing on.

Tip 2: If you are just starting out, focus, focus and focus some more. That could be something as simple as "I'll just flip properties", so stick with that until you're successful. Learn from the first deal and then apply the learning to the next deal. Don't get into the mindset of thinking there are no deals. Take action and next time you are out taking a walk, take some leaflets and if you see an awful-looking house, pop a letter or leaflet through the letterbox – you never know!

Listen to the full conversation with Tristan here.
https://bit.ly/3IZ2etO

Contact

Zebra Invest

YouTube Channel:	**https://bit.ly/36xwgXk**
Email:	**tg@zebrainvest.co.uk**
Linked-In:	**linkedin.com/in/tristanjgordon**
Property Data Link:	**cutt.ly/PropertyData (Code ZEB)**

Case study 2

AFTER