

# **Apprentice Property Tycoon**

## **Lesson 5**

**by**

**Malcolm Heath**

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**Hello and welcome back to the fifth lesson in this course.**

I'm hoping that you're feeling proud of yourself for sticking with it this far – that really marks you out as special. So many people chatter about getting wealthy through property but they're not prepared to even invest a few hours of time learning the basics. They want it all on a plate right this minute. They really do expect to walk into top property deals with no prior experience, no knowledge and without even understanding the lingo.

Small wonder they get laughed out of the door by the lending institutions and other professionals!

Speaking of professionals, I am often asked what a surveyor actually does and if it's worth bothering. I mean, sometimes it can seem like money for nothing, can't it? They turn up, have a poke around, knock-out a word-processed 'report' and then charge you several hundred pounds for the privilege.

At least it can seem that way.

**Well I have to tell you that I always use a good surveyor before I even think about getting involved in purchasing a property.**

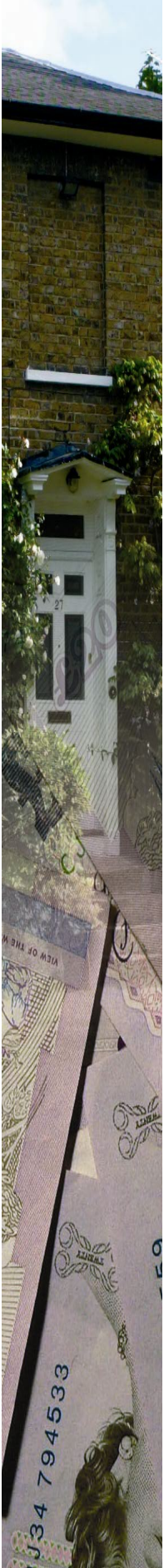
## **What Surveyors Do**

### **The role of a surveyor...**

Your team of professionals should always include a surveyor. They are probably the most valuable member to you in fact. They are multi-talented property professionals who can make your business much more successful – and of course profitable.

Now remember we're talking a *decent* surveyor here who will become a long-standing member of your team. Don't confuse this person with any 'Building Society surveyor' you may have been forced to use in the purchase of the house you live in. They owe their allegiance to the Building Society by whom they are retained. Their main job (for which YOU pay) is to check if the building they are lending money against is worth more than the mortgage being advanced and is in good condition.

Think about it. If YOU were lending £100,000.00 to someone you'd never met and your guarantee if things went wrong is being able to reclaim the building, then I submit that you would:



- a) Want to ensure yourself the building really WAS worth at least £100k.
- b) Make sure it was standing, had no dry rot, big cracks down the side and so on.

In fact, I reckon you'd employ someone (a surveyor) to go and check all this out for you before you stumped-up the dosh, right? So don't feel too bad about the Building Societies.

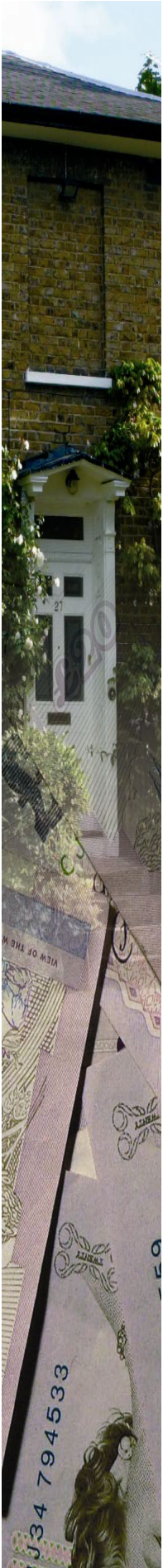
Anyway, what I'm talking about here is a qualified surveyor, with a good reputation, who is working for YOU and watching YOUR back in the deals you are going to get involved with. After all, you want property which is in excellent condition and which will appreciate in value.

What a surveyor can do for you...

- Advise you on property areas that are on the up and areas that are in decline.
- Value properties, when selling and buying – they will usually have excellent local knowledge and be able to accurately estimate the going price.
- Advise you on properties that are best for income, best for capital growth and best for a quick profit.
- Carry out surveys, check the building condition and prepare a cost estimate for repairs, conversions etc.
- Prepare valuations for mortgages.
- Help source good builders and other tradesmen and supervise their work.
- Advise you on planning laws and help you deal with planning problems.
- Advise you on rents and take on council tax appeals for you.
- Some can even help sell your properties or find tenants.

Again, make certain you choose a surveyor well-versed in the type of projects you plan to undertake. Some surveyors specialise in period property or planning appeals. Make contact with several surveyors and choose carefully.

It's best to go on recommendation if at all possible. This is one area I cannot help with. Why? Because a surveyor must be local to you. Not only will this save traveling costs, but also they will know the local area. This is essential.



If you get involved in foreign property deals through me (very lucrative if you get them right) then I will put you in touch with all the professionals you need, so don't worry about that.

It's good if possible to have several surveyors you can call on. This way, you will have a specialist surveyor for each type of project. Also, surveyors usually have a good knowledge of the local property market.

The Royal Institution of Chartered Surveyors (RICS) 020 7222 7000 also has a website with information on surveyors in your area. Their website is [www.rics.org](http://www.rics.org)

It is perfectly in order to approach surveyors before you start your property portfolio. It is better to have your team in place before you start. As long as you approach them as a professional, they should be pleased to work with you. And don't be afraid to say you are just starting out. Everyone has to start somewhere (they'll spot you are a beginner anyway!) so there's no point in pretending you're something you are not. They'll be on your side.

As always, check their fees. Some duties carried out by surveyors are charged for on a fixed scale related to the property's value.

### **Inside Tips**

1. Property projects aren't usually gift-wrapped in pretty paper. You can make huge profits when a property project goes smoothly - but you cannot guarantee every deal will be a winner. To get started as a property tycoon – you have to do exactly that - start. You have to take a few risks.
2. Don't skimp or cut corners when it comes to professional advice. Your team of surveyors, builders, broker, accountant and solicitor can make the difference between failure and success. Make sure you read the professional journals like the Estates Gazette and follow the guidelines in this course.
3. Investing in property is not the same as buying your own home. Don't let emotional issues sway you. You are investing and dealing in property to **MAKE MONEY!**
4. Don't be scared of thinking big. Big ideas make big profits! Don't think that 'others' get the big deals and you are just small fry.





## Property Profits as a ‘Dabbler’

In this session I am going to reveal **inside secrets** of property dealing – as a ‘dabbler’.

Remember last lesson, I explained there are three types of property tycoons. They are:

- Those who dabble
- Those who deal with two types of property deals
- Those who are major players

You will probably start out as a dabbler (you may already be one) and graduate to the higher levels as you gain experience.

**Dabblers are private home owners with the determination to climb the property ladder and end up with the house of their dreams.** They buy their own home, make improvements and sell. From the proceeds of the sale they buy another property and repeat the process – as many times as it takes until they have their dream home.

I personally know several ordinary people who have played this game very successfully and are now sitting in very tasty million pound properties, so it can be done.

Remember, all gains made this way are entirely tax free! You can start with a home worth £100k – build up to a home worth two million, sell the house, buy a more reasonable £500k place and pocket the 1.5 million without paying a single penny of tax!

So, the first property a dabbler buys is their first home.

If you have already done this, listen-up – it’s odds on you didn’t get the best deal! And... you didn’t buy the right house. Sorry!

That’s because you didn’t know what property tycoons do. Most people don’t. Most people aren’t interested. You’re listening to me because you want to learn what property tycoons do.

If you don’t, read no further – you’re wasting your time and more important to me, you’re wasting my time.

If you remember I told you not to use objections like lack of capital, lack of knowledge as an excuse to opt-out of the course.



We Property Tycoons often buy at 10%, 15% even 30% UNDER market price, thereby locking-in an automatic immediate profit for themselves!

And...

We have access to almost unlimited money to fund our projects. We often buy five, ten even fifty properties at a time and borrow millions if we need to.

That could be YOU. If you learn the business and are dedicated enough to make it happen in your life. Is it easy? Heck no. Who said making a few million was easy???

But all of this is for the future. Now that I have reminded you of your goals, I'm going to ask you a question. "Do, you think you're being greedy, just because you want to make a pile of money and have a great lifestyle?"

Did you answer a bold "No," or "Of course not," or did you hesitate?

The biggest threat to your success as a property tycoon is yourself. It's absolutely true.

There are two BIG emotions that undermine staying power...the first is GUILT.

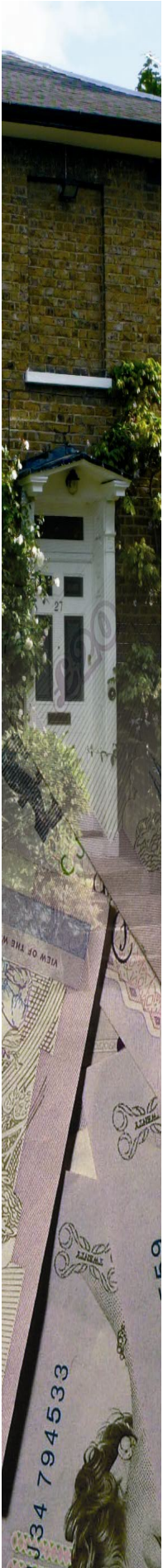
You must have NO GUILT about wanting this lifestyle. Any guilt trips will sabotage your efforts. Please remember we live in a society where wealthy people are portrayed in films as either evil or shallow. **There are almost no film characters who are wealthy and decent.**

To underline this, I reproduce here (with permission) an excellent article on this subject by Stuart Goldsmith (author of several self-help books and courses [www.stuartgoldsmith.com](http://www.stuartgoldsmith.com).) Although a diversion from my main theme today I think this is really worth reading.

### **A Titanic Guilt Trip – by Stuart Goldsmith**

**Have you seen the film 'Titanic' which came out several years ago now?**

If not, I urge you to see it, and if so, I urge you to get it on DVD and watch it again. It must surely be one of the best films made. At three and a half hours long, I found it somewhat short and was sorry to see the final credits rolling. I laughed. I cried. I lobbed popcorn at the hordes of irritating 13-year old giggling girls who had flocked to see Leonardo De Caprio.



**Short of opening the emergency doors to let my mates in for free, I had a cracking good time!**

In the unlikely event that you haven't already seen the film, don't worry, I'm not going to spoil the ending. Not *that* ending. We all know the ship sank. No. I mean the *other* ending when the old woman is on the back of the ship and she.... you know... *does* it... remember?

Anyway, the point of this is that I want to make a serious point about the flaw in an otherwise brilliant film.

The flaw is a philosophical one about money and guilt. I want to explain how your world view and opinions are subtly shaped by films like Titanic, and countless other messages you receive throughout your life which sabotage your efforts at success.

Let me tell you straight out that you cannot succeed with your subconscious mind working against you - striving to sabotage your efforts from behind the scenes. This is why you must be careful what you expose yourself to, what you read, what you view and who you mix with.

But first let me explain something about film directors.

*They are artists.* Most artists (of all persuasions) have strong left wing neo-communist leanings. Okay, there are exceptions - but this is the rule.

Here's why...

To an artist, art is everything. The most important star in the universe, the ultimate purpose of man's life on earth.

They are, of course, entirely mistaken in this belief because art is, in fact a *luxury* to be enjoyed **only when the necessities of life have been provided**. To elevate art to any position of *central* importance is akin to making lemon cheesecake the focus of your diet, over and above any other foodstuff. Don't get me wrong, lemon cheesecake is my favourite desert, but I know my main dietary needs come first, and lemon cheesecake fits into any small corner I might have left. It is a *pleasure* to be indulged after I have taken care of the necessities.

Artists disagree with this 'practical' view.





Furthermore, they all secretly believe that art (*their* art in particular) should be forced on the public **whether or not the public want it**. Worse, they believe that art is too pure, too noble, too spiritual to be coarsened and demeaned by anything so unworthy as...money.

Art should be paid for out of the public purse (ahah!...here comes the left-wing communist bit). Artists, **particularly struggling, talentless newbies**, should be supported at the taxpayer's expense. They should be given subsidies and grants. In short **they should be the major recipients of money looted from the productive**.

It is this single belief which leads me to assert that most artists are left-wing. If you doubt it, then I challenge you to ask any artist the following question:

“Should the arts be subsidised with ‘government’ money?”

If the answer is yes, then you are talking to a die-hard collectivist. To subsidise with government money means: **to give unearned money away which has been extorted through force**.

Many artists dismiss the notion that they should earn money solely through the sale of their works as being ‘impractical’. Apparently, they argue, the public don’t buy enough of their works to support their lofty endeavours. The solution? Either the public should be *forced* to buy their works or the public should pay for their works (through grant and subsidy) *even if they never see them*.

Squeeze the outer skin of most artists and this is the (pinkish) juice which will run out.

Okay, so back to Titanic.

Now the *backers* and the *sponsors* of this film and others are hard-nosed businessmen and women with their eye firmly on the 'Bath-time Fun Accessory Titanic With Real Screaming Figurines' merchandising angle.

For them, this is a **strictly commercial** enterprise (as it should be, of course) with the emphasis on the bottom line. However... the trouble is they have to employ those damned artist chappies to create and direct it for them, and as we all know, they're a bunch of pinko, flag-waving commie zealots...

Sorry. Am I putting it too strongly? I'll lighten up!



They are a bunch of socially aware, community-minded, idealists who are often impassioned in their commitment to the cause...

**These are the people who write the scripts, create the screenplays and produce and direct the films you see.**

The result is... **philosophically flawed story lines and screenplays** - all (surprise, surprise) with a strong neo-communist or left-wing bias.

As an exercise, when you next watch a film, TV drama or (in particular) soap opera, see how many of them have one of the following messages:

1. Life is a hopeless struggle. No matter what you do, you just can't get ahead.
2. Being poor is good. Although it might be 'nice' to have a little more money, we're happy because we're poor. "We've got each other and this nice little 'ahse." Etc. Poor people are decent through to the core.
3. Being rich is *awful*. It causes misery, despair and upset. Rich people are cold, uncaring and greedy. Rich people are corrupt through to the core.

Or features one of these story lines:

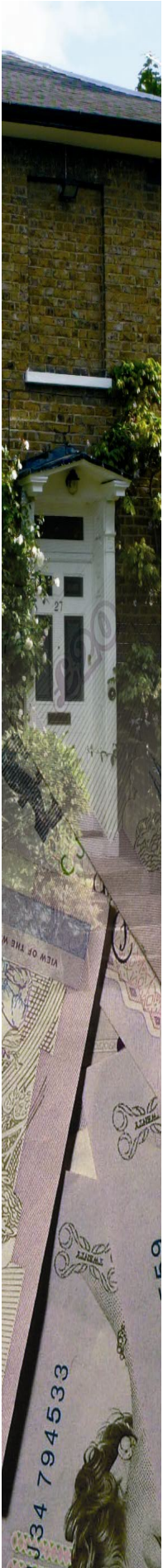
1. The life of a depraved/wasted/diseased person or an alcoholic, drug addict, rape victim, AIDS sufferer, battered wife, criminal, murderer, victim, murderer, psychopath or mentally ill person.
2. Death, disease, murder, mayhem, destruction, crime, rape, drugs, war, failure.

I would estimate that fully 70% of all dramas you see on the big screen or TV will be concerned with one of those themes, and **this has an effect on your subconscious.**

The film 'Titanic' is no exception. It majored on the following *entirely incorrect* (but typically collectivist) philosophical ideas, and hammered them mercilessly into the audience:

**Being rich is bad. It is a worthless thing. All rich people are evil. They are either crooks or snooty aristocrats who inherited their money.**

This film was teeming with wealthy people and, under the producer's instruction, we are assured that not a single one of them was worth saving.



They are bad through and through - **totally corrupt and downright evil** or even *psychopathic* in the case of Rose's fiancé. His overriding preoccupations are extortion, rape, violence towards women and cheating in the most caddish fashion. He is the stereotype of the 'evil millionaire' without a single redeeming feature. He is the melodramatic sawmill owner, twirling his moustache in glee as the helpless girl inches closer to the spinning blade...

Scene of rich man trying to buy a place on a lifeboat with a wedge of money. Cash flung back in his face by noble, poor and decent sailor: "*Your money's no good here, mister!*"

Rich people are devoid of compassion or decency. They are bent solely on saving their own skins.

Scenes of struggling poor people locked behind doors by the cigar-chewing evil rich as the waters slowly rise... "*Let the scum drown! First Class passengers only if you please, this way for the lifeboats ladies. Back you filth! We'll get to you when all the first class passengers have been seated...if there are any places left... nyahahaha!!*"

Rich people always come to a sticky end or die miserable, unhappy, alone and unfulfilled.

Immortal line: "*He hung himself after the 1929 stock-market crash.*"

Being rich is no fun. In fact it is a crashing bore. The rich are incapable of enjoying themselves. They sit around with broomsticks up their bottoms, sipping champers with their fingers cocked at just the right angle, talking trivia and trying to outdo each other. Children are stilted and restricted by having to learn ritualistic table manners.

Scene of lead female looking horror-stricken towards upper class little girl at dinner learning how to sit properly. Thinking "*Oh no! This is just too, too awful. How can we torture our children like this? What monsters have we become with our money and fine ways? There must be something better. Oh how I long to be poor and free. If only I could find a quaint poor Irish person to sweep me off my feet and teach me the true meaning of life. Those poor folk are so wise and so happy...*"

Meanwhile, back in t'third class we are instructed that....





Being poor is good. To be poor *is* to be happy. Poor people are noble, brave and wise. They think not of themselves but of others. Sacrifice and self-immolation are fine, lofty standards to hold.

Scenes of noble poor folk sacrificing their place on the lifeboat to other, more deserving people whilst the evil rich men are trying to sneak onto boats reserved for women and children, even grabbing spare children in an attempt to cheat their way to safety at the expense of others.

But the poor are good through and through. Decent to a man. There is not an evil person amongst them. The poor suitor (Jack) would sacrifice his life so that his love (Rose) might live. The rich suitor would abandon his love so that he might live.

Being poor is tremendous fun. Really terrific. An absolute riot. A jolly jape right to the end. Poor people really know how to enjoy themselves whilst the rich just pretend.

Scenes of quaint 'character' Irish folk dancing wildly on the tables below decks and knocking back the Guinness, whilst russet-haired Irish beauties lift their skirts in time with the joyful beat of the Gaelic drum. Beaming ragged children are whirled into the frantic dance, careless of the fact that they haven't eaten for two days. Compare with any scene of 'poor people enjoying themselves' from *Oliver* or *Mary Poppins*, for that matter - they're all the same. Meanwhile, in first class, in what can only be described as a funereal atmosphere, women are dabbing their sated mouths with delicate silk handkerchiefs, unable to cram down another morsel of caviar, whilst the men politely suggest that they leave the ladies and step outside for a cigar and fine brandy. See! Those rich bastards don't even know the *meaning* of the word 'fun', do they?

The director/screenplay writer even changed history by implying (strongly) that it was rich people's greed which caused the disaster. Apparently it wasn't caused by the captain's ineptitude or the inattention of the lookouts (they were humble, common sailors, so they *can't possibly* be to blame if you're a collectivist by inclination).

These things are relegated to mere **contributory factors**. The main cause (according to the writer) was the fact that the ship was going *too fast*. And WHY was it going too fast? Because the **greedy capitalistic owners wanted to set a record and arrive earlier than expected**.

You know, I hadn't realised that...





Finally I want to ask a question.

Why are we obsessed with this 100 year old story? Of course it was a terrible disaster and 1500 people were killed, but tens of millions have died since in a variety of nasty ways and so it is not the number of souls lost which ensures that this story will never die.

I suggest the reason for its fascination stems from exactly the same anti-progress, collectivist philosophy which skewed the film so far to the left. The message (and the fascination) is this:

*“Man is an impotent worm. He is arrogant. He thinks he can fly in the face of nature. His so-called 'marvellous' machines and inventions are so much match wood and tin in the face of nature. How dare he think that he can cross the Atlantic and conquer God's oceans? Hah! Look what happens to those upstarts. One iceberg and their plans and dreams are smashed. Such is the fate of all men who fly, Icarus-like towards the sun. Their wings will melt and they will crash to earth. Let this be a lesson to all who might strive to conquer, to fight, to dare and to win – they will fail.”*

The story of Titanic is a story of failure - man's 'arrogant' attempt to try to dare and to win only to receive a well-deserved slap down from old Ma Nature. This is the sole reason for its longevity.

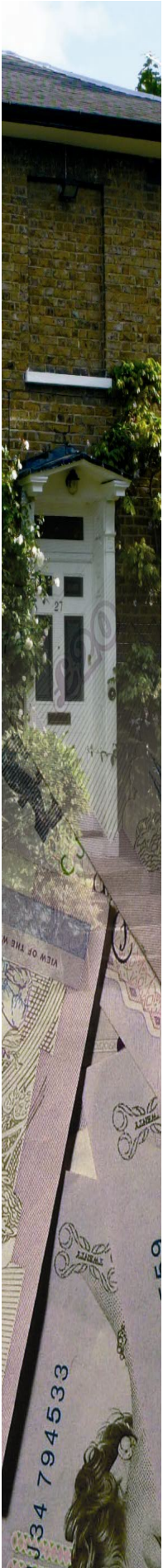
And why do people like to watch failure?

Because, sad to say, many people *are* failures and watching other people fail makes them feel safe - not alone.

That is the sad truth, I'm afraid.

To me, the story of the Titanic is one of *success*. In any great endeavour there will be 'failures' that is, stepping stones on the road to success. The bigger the disaster, the more it means we are striving for something big. Small minds set small targets **with vast safety margins** - accidents are rare, progress is minuscule. Big minds have big ideas with huge agendas. Large scale projects involving the unknown (e.g. crossing the world's oceans, exploring space) carry the risk of setbacks and disaster.

**The purpose of art should be to show mankind what he is capable of becoming;** to reflect back his image in full, shining glory. It should be heroic and visionary, not crawl in the sewer.



The *selected* philosophical message of the film (art is *always* a process of selection by the artist) should have been an heroic one; that is the Titanic disaster **in the context of man's eventual mastery of the oceans**. Instead, this awesome event was corrupted and used as a platform for socialists to distribute their poisonous and anti-life propaganda.

Of course the film is making an historical point and the society of 1910 was class-ridden and elitist. Many third-class passengers *were* trapped below decks and proportionately more rich made it than poor. We know all that. But the fact that in this film the rich are so irredeemably and uniformly evil, and the poor so uniformly good and decent leaves no room for surmise regarding the director's political leanings. Also, the last scene is entirely fictitious, not historical. The fact that the entire film leads up to and culminates in the final gesture of the old lady (I'm trying not to give the ending away in case you still have not seen it) confirms my worst suspicions. The deliberate subliminal message implanted in the film is:

"Money is worthless trash to be flung away by the million. It is worth less than an eighty year old memory of a chance encounter on a ship. Get rid of it. It is a dead weight around your neck. Only evil can come from it. Toss it into the ocean. It belongs there, at the bottom of the sea where no man can be corrupted or tainted by its evil influence."

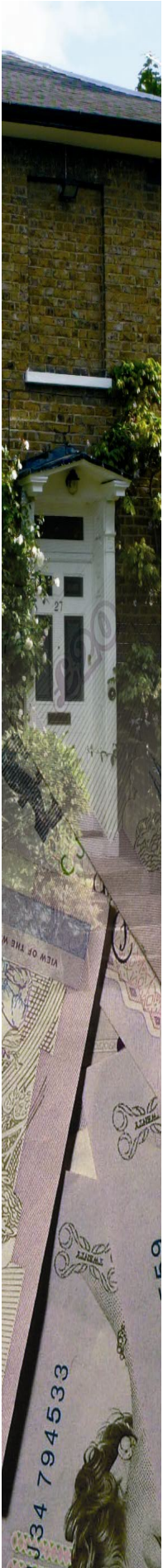
That is the message in the film. That is the theme which ran centrally throughout the plot. This is the ideology which the scriptwriter and director *selected* for our special attention. Worse, this is the **entirely fictitious** storyline, invented especially to run alongside the factually accurate historical details.

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A great article and it shows us by way of vivid example how money is portrayed in the media. I have many a time witnessed people who seem so close to success but then cock things up. They shoot themselves in the foot and although it seems like an accident, there are often subconscious undercurrents influencing them about money and whether they are worth it or not.

These subtle and subconscious influences can trigger another trap that many people fall into.

It is...



As you start to acquire a little money, every instinct in your body will be driving you to **spend the loot somehow**. Your pockets will be on fire - all those things out there - a new car, flat screen TV, designer clothes.....

There is an invisible threshold for every person's wallet that makes them sell out when it reaches a certain fullness! They give in to the "well, I could be dead tomorrow so I might as well spend it now" excuse and spend the money they've built up through saving and investing. The amount is different for everyone, but for the majority, it seems to be around £50,000.00.

When people see this amount in their accounts, it just gets too much for them. They start to dream up ways to fritter it away on consumer trash (new kitchen, sofa, holiday, time share, car, jewellery, clothes, electrical goods etc.).

Have you noticed how the first question people ask when they discover that you've received even a modest windfall of money is "What will you *spend* it on?!" - it's just our nature.

In your current position, you could well be looking at making a figure like £50,000.00 fairly quickly. What will you do? Perhaps you're thinking "I'd be grateful for that". Believe me, once you finish the Apprentice Property Tycoon and start property trading, 50k will seem to be fiddling change - especially when you see how easily it can be acquired - but the danger is to say "easy come, easy go".

Put yourself in that position. What is your 'sell out' point? Let me re-phrase my question:

Are you intending to become a property tycoon to gain a bit of trivial spending money to squander on all the trash they want you to buy? Or are you going to go all the way to becoming a financially free person?

**This is not a course about making a few thousand quid and then blowing it all on consumer toys.** Any moron can do that.

Whenever your income exceeds your outgoings even by a mere £50, I want you to see the value in saving or investing that money rather than spending it.

## **The Fear Factor**

The second big emotion that undermines staying power is...Fear of Failure

People may unwittingly associate the process of making money with something painful. Probably because most people are forced to earn money





doing something they hate, usually in a boring soul-destroying job. So they equate ‘more money’ with ‘more of that tedious, awful work.’

It is important for you to get out of this mind set.

Inside everyone lurks some sort of pain deep down. All of us have it. Maybe it came from something as simple as an adult telling you that you were useless at something as a child or a school teacher picking on you - let’s face it, if any child at school shows any signs of independence or ‘going against the grain’ they’re usually knocked back down a peg or two. What schools want is mediocrity, not excellence – despite what they say in the glossy brochures!

Early experiences can often produce a lack of confidence and insecurity. We all have it to *some* extent. This leads to a fear of failure that hinders achievement and ambition. This fear stops you from making that first positive step to financial freedom; once you take the first step, you’re more confident about making the second. One step at a time.

People put off making positive steps by using ‘smoke-screens’ as excuses: “It’s all down to luck anyway.....What if I failed and lost some money?” As Earl Nightingale once said, “Success is simply a matter of luck. Ask any failure!”

## **Can You Really be Secure?**

The concept of ‘security’ is erroneous. The planet, life, the universe and...everything... conspire to ensure we cannot ever be 100% secure. If you doubt this, imagine a meteor on course to collide with Earth and you get the idea. The desire to know 100% what the future holds is a natural human instinct. However it is completely illusory.

There will always be a ‘problem’ that delays you starting so there’s no point in putting off your start until ‘everything is perfect’ – it never will be perfect.

Shall I tell you what a real problem is?

A real problem is relying on a state pension being there when you retire!

A real problem is relying on the scraps from an employer’s table that may not exist next week. A real problem is having hungry children when a recession strikes because of your complacency.

Get on with it NOW, TODAY!





These fears of failure are no different to those imaginary monsters children have. As soon as you turn the lights on, they disappear!

Determination and guts is what you need to keep you fired-up enough to enjoy learning about the property market. If you want to make money as an antiques dealer – guess what? You have to learn about antiques. Obvious. If you want to make money from property dealing you have to learn about property. But the path is strewn with pitfalls. It takes time and commitment to learn, it's far easier to jack it in and go down the pub. But if you do, where will you be this time next year? In the same or worse position than you are now?

**If you want to become a property tycoon, you cannot fear anything, not even poverty, because failure is simply not an option for you.**

Do not even contemplate it! The only thing you should see is the winning line - never looking back, only forward. Once you have reached your first property goal, then it is time to work on the next. The journey is everything here, not some illusory goal such as: "One day I'll be safe."

Setbacks on the way are inevitable - throughout history, any great achievement had these. Heck, let's face it, even minor achievements are fraught with problems! The important thing is not to be phased by them. Learn and become stronger for the experience. Fear is natural and healthy, just don't let it cripple you.

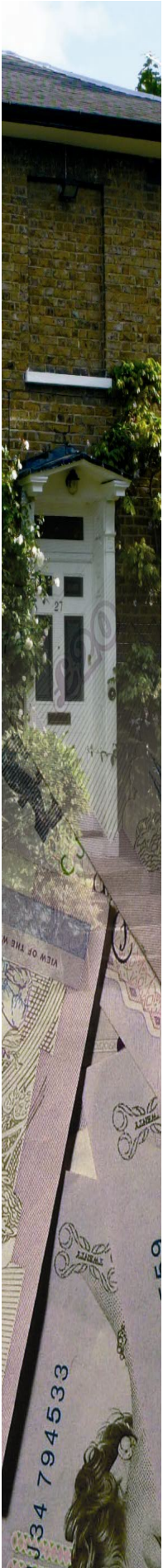
Recently I met with a colleague in Rome, and he told me something I want to pass on to you.

Andrew, an acquaintance of my colleague's, decided he wanted a new car.

He logged onto the internet, checking out the different models of each car manufacturer. While driving on the motorway, he would look to see which cars he liked the shape and style of. Andrew also sent for catalogues and took ages going through them.

After several months, he decided he wanted a Chrysler PT Cruiser. But which model? He was undecided. Should he go for the Limited model with the 16 inch chrome alloy wheels? Did he like the leather wrapped steering wheel?





Or should he buy the PT Cruiser Touring with the overhead console with incorporated compass and exterior temperature gauge? There again, did he prefer the Classic with its side mouldings and chrome door handles? And which colour bodywork did he want?

After weeks of research and thought Andrew finally chose the car he wanted. Only then did he search out who had that car for sale at the keenest price and make his purchase.

A couple of months later, Andrew, fed up with renting, decided he wanted to buy a house. He wanted to own the home he lived in.

Did he research what type of house he wanted to live in? Did he make a check list? Did he consider if he liked modern or old houses? Did he wonder if he preferred wooden sash windows to pvc? Did he research any other areas, even in a ten mile radius?

Guess what? He did none of these things.

He simply visited the local estate agents, viewed three houses and bought the third one they showed him.

**If you think Andrew's actions are unusual – think again!**

For most people the house they want to live in is the biggest single purchase of their lives. And yet so many start house hunting *before* they have given little or any time to research. Don't you know that's true from people you know? It's like going to look for 'a car' at the weekend without having the slightest idea of the type or style you'd like. Then buying the third, random car the salesman shows you!

It's as strange a syndrome as the 'blind' overseas property buying so many 'Brits' do. It's as if they believe nothing can go wrong because it's a country where they enjoy holidays! Please, I'm not messing around here! Thousands of Brits are buying 'off plan' properties from people they don't know, in countries they've barely spent more than a week in!

## **Time Share**

If you doubt this, consider Time Share. Now rather old hat, but not so long ago you couldn't walk down a beach in Spain without being accosted by eager young salespeople flogging property. Why? **Because it worked, dummy!** And what does that mean? It means that whilst on holiday with the sun



shining, people will take snap decisions to... gulp... buy a property! In a country they barely know! On the strength of some slick sales patter!

Totally incredible! Yet tens of thousands of Time Shares were sold in this way. With home-buying, it's as if a casual approach will yield the perfect house.

There are two ways you can buy...

**'Drifting' into a purchase - Andrew's approach!**

Or

**Purposefully 'driving' into a purchase – a tycoon's approach!**

Only by choosing the second option can you know the returns on your investment will be high. Yes, even your own home is a property investment and should be viewed FIRST as this and SECOND as the ideal place to live. By the way, the two are not mutually exclusive. Decent property in a decent area (somewhere you'd like to live) is also usually a good investment.

So, your aim is to...

Buy an investment-grade property at a substantially discounted price, i.e. not the inflated estate agent price! That way you lock-in an automatic profit.

Be really clear about this before you read any further. Yes, we are talking about buying a home you want to live in. But you still want to buy an investment-grade property. You still want high returns on your investment when you sell it down the line.

Don't get sucked into buying a home solely based on sentiment – just because you are going to live there. People are really, really emotional about this (particularly women – sorry to say it, but it's true.) People buy houses on whims. They just 'like the feel' of it, or there's something about the shape of the kitchen, or the fact it has a greenhouse, or any one of a hundred other totally spurious reasons for buying a house!

Here are the *only* criteria you should use:

1. Is it worth the money? If you sold it tomorrow, would you at least get your money back?
2. Even better, have you bought at a discount and can you lock-in an automatic profit?





3. Can you easily sell the place? Or is it a bit odd, a bit 'special' (maybe that's what you find attractive about the place, but do NOT buy unusual, tough to sell property no matter how infused with Olde Worlde charm it might be.)
4. Is it located in the area you want to live, e.g. handy for schools, shops, work and so on?
5. Does it have the accommodation you want? E.g. number of bedrooms, living rooms, garage and suchlike?
6. Is the environment right? E.g. not on a tough estate, not on a main road, with some greenery around – that sort of thing.

**And that's it! Forget the colour of the rooms. Forget the fact that the layout reminds you of where you grew up as a child. Forget the nice plants in the garden and the ornamental pond. I could go on, but you get the idea. DO NOT BE SWAYED BY THESE TRIVIAL THINGS.**

**You want a pond? Put one in!**

**You don't like the colour scheme? Decorate!**

**You want plants? Go to the garden centre!**

**BUY like a Property Tycoon does – as an INFORMED buyer. Not as an emotional moron!**

## **Target Markets**

Why is one property a better investment than another of the same type?

It all depends on the number of 'appeal factors' it has and the type of buyer attracted to the property. This also makes it saleable. Remember you will *always* want to sell this property at some point and move on (even if only to that imaginary place called heaven!)

Different properties appeal to different groups of people. So, when you are looking to buy your own home **you must consider the target market that it's most likely to attract when you sell it.**

Aside: Do you see the different way of thinking here? Most people never give the tiniest moment's thought to selling a house – all they're interested in is buying it. Tycoons think differently.

For this type of property purchasing (buying a home for yourself) I divide the population of home-buyers into four main groups.





They are...

- **Single young professionals**
- **Families**
- **Seniors**
- **Single seniors**

Before I talk about these groups, I just want to say that you know as well as I do that nothing is set in stone. There are always people that break the mould and some who straddle two groups or more. So, when I talk about what people in each group are looking for and the lifestyle they live, I am referring to the majority. We're talking statistically here.

For example, if you purchased a home because you liked the fact that it was next to an exclusive country club, there would be no guarantee that prospective buyers in the young professionals and seniors would see this as a bonus.

Can you guess why?

Well (and this is just a guess) the young professionals might see it as 'boring' and prefer to be closer to the bright lights. The seniors may see it as 'remote' and prefer to be near the shops and closer to other houses.

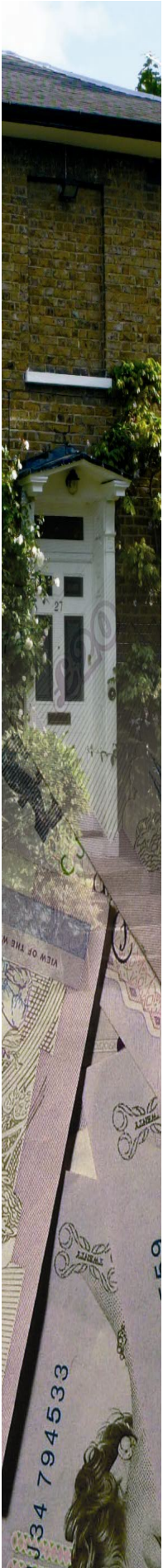
The seniors and single seniors marketing groups are closely linked – because about 30% of people from each of these groups want the same things.

## **Single Young Professionals**

Of the four groups, the single young professionals are usually the highest earners. Because of this, they tend to have many credit cards. And they are confident borrowers.

Childless couples are included in this group because their income and lifestyle is similar.

**Access to good transport is high on their priority list.** Sure, most will have a car but they still want good access to trains, tubes, air travel, ferries and motorway access. For instance, if you purchased a village home 3 miles from a junction of a motorway, for this group it makes your property very attractive. Or, a few miles from the Channel tunnel would be appealing to professionals working in Paris. City workers often yearn for a semi-rural home which of course must have good travelling access, i.e. a local train station.



**Professionals like to entertain.** This makes the kitchen and dining room of a home especially important to this group. A kitchen with gadgets and clean lines and a good sized dining room could sway the sale of a property if all the other basics are there. You probably know that it is the majority of women who make the decision on buying a house, not the men. Women (sad to say) look at the kitchen and bathroom. If these are no good you can forget trying to sell the property to them. I am generalising of course. I know many female property tycoons (but they are the exception in a male-dominated realm it has to be said.)

Also, busy on-the-go professionals, tend to eat at restaurants or have take-away meals during the week. If you intend to buy a village home and your aim is to one day sell it to the professional market, check out the eating places. Not a big deal, but just something to be aware of.

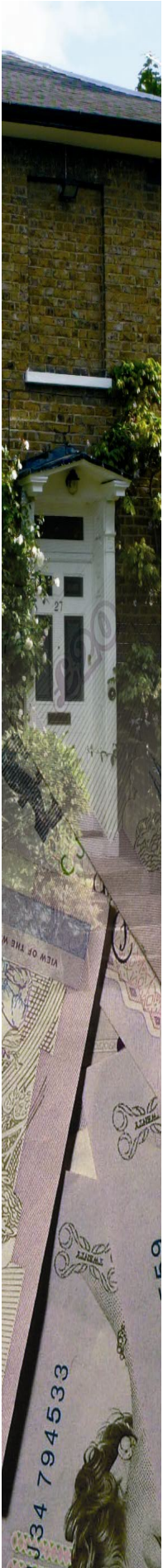
As professionals are keen on socialising, a separate cottage or studio in the garden (for guests to crash overnight) adds to a property's attraction. A barbecue area with a smaller garden is acceptable even preferable. **This group do not have time for either gardening or housework.** A gardener is an added expense which can be minimal only if the garden is small and planned for low maintenance.

They also count leisure pursuits high on their list – especially keeping fit. They will use a sports centre in town, where they work or join a country club with squash, tennis and badminton courts, a golf course and maybe a swimming pool with sauna facilities. If these are nearby, so much the better. Do you see how this works? If your target market is seniors, the sports club will have little effect on the saleability. If the target market is young professionals, the sports club just down the road is a big bonus.

## **Families**

A high priority for many parents is a good school for the children. **It has been known to overshadow all other needs.** Is your target market families? Better make sure the schools are local AND that they are in the 'right' catchment area for the best local school. If you think this is unimportant, you're not a parent! **They'll bribe, connive and even KILL to get on the list for the 'right' school.** The fastest way onto that list is to live close to the school. The further away you live, the lower your chances.

Families also want to know that a good health centre, with a doctors and dentists surgery is close-by.



At least one local grocery shop is considered essential. A local park or play area with swings and a slide is another consideration for families.

Many modern homes have open plan gardens. Opinions are divided on this issue. Some families prefer an enclosed garden with a gate, so the children can play safely. Whilst other families believe an open plan front garden is better for security – there is no hedge, fence or wall for an intruder to hide behind. My feeling? Families prefer an enclosed garden.

### **The proximity of busy roads can *seriously* affect a ‘to-buy or not-to-buy’ decision.**

I once had serious trouble selling a 6-bed house I owned. A house that big is a family house – that’s the market. Everything was perfect about it (I won’t bother you with the details) but it had a very busy road running outside – really, a nightmare road. I thought it wouldn’t affect things because the entire house was surrounded by a *huge* high wall with massive security gates. Once those gates were closed, the garden was safer than a normal garden in the quietest of rural locations. In fact, there was no way a child could ever have escaped onto the road. It really was ultra safe.

But... potential buyers only saw the busy road. They were incapable of realising it was actually safer than a normal house. Busy road = danger for the kiddies. End of story. I had trouble selling that house just because of that. Eventually I sold it to a wealthy single guy. Interesting.

A high proportion of this group also own pets, making the enclosed safe garden and quiet road important for the family cat or dog. Again you’d be surprised how important this is. If you own a pet you will understand. You don’t want it escaping and causing a nuisance or getting killed.

The size of the garden is important. Families like a decent size plot. But, what they are most interested in is a grass area where the children can play.

A ‘zen’ garden water feature or one covered with decking would not appeal to a family. However, it *would* appeal to the single professional group because it doesn’t require weekly maintenance. Do you see the big differences between markets and why it’s so important to get this right?





## How About a Swimming Pool? How About NO!!!

One the subject of water, this is a giant ‘no no’ for families. A garden with a pond or (heaven forbid) a swimming pool makes your house all but unsaleable.

Never, ever (and a few more ‘evers’) buy a house with a swimming pool (in the UK). They are a major liability and devalue a house by a minimum of £20k and in many cases make in unsaleable. No family with young children will buy a house with a swimming pool, and most people with half a brain already know what I’m about to tell you...



Swimming pools seem very attractive. They also have that ‘millionaire mystique’ – “gosh, you have a *swimming pool*... wow!”

**In reality they are a nightmare.** Trust me, I’ve been there, done that.

Firstly you may have great intentions about using it all the time in the summer. In reality, you’ll use it twice *maximum*. I don’t mean twice each summer. I mean... twice.

Second, do you know anything about the chemistry of a swimming pool? No? Well I’ll tell you it’s a damned tricky business. Get I slightly wrong and – SHAZAM! – one green, algae soup which takes days or even weeks to clear. If you really want to spend your days tinkering with chemistry and watching those weird sucky things trundling up and down your pool then be my guest. That’s why most people in the USA (for example) hire a pool maintenance guy – but that’s a *huge* expense.

Then there is heating – the water is FREEZING even in mid summer, so don’t even think about not heating it. Again a big expense.

I’ll leave it there. Bottom line?

**If you see a house with a pool run... run as though your very life depended upon it!**

The group we have been discussing are families. This also includes the family with grandparents who want to live close-by. A separate small cottage, bungalow, studio flat or granny-annexe is highly desirable for families in this situation.





Town suburbs are popular destinations for families because all the amenities are usually within walking distance. Remember this – families need amenities, LOTS of them. Not needing a second car makes a big difference to a family's budget.

## Seniors

Retired couples without children fall roughly into three financial brackets.

The first we can dispose of. These are the terminally broke. After a lifetime of hard slog they have accumulated – nothing. Their entire possessions will be chucked in a skip by house-clearance specialists when they die. They live in the poorest, cheapest housing in the poorest, cheapest area of town. When they were young and fit they spent the lot and never saved a penny. Now they are old, they are broke and suffering.

We'll draw a discrete veil over that sorry scene because we are never going to get involved with that bottom end of the market.

Next, there are those who have built a nest egg by selling their now-too-large home and are looking to buy a smaller property and pocket (live off) the difference. There are also the retired couples who want to buy another big property (say with room for the grandchildren to stay over) but in a different area.

Retirement frees them up from living in an area with easy travelling access to their work place. Maybe they can now live in a quieter area.

Retired couples usually want quiet locations **but within easy reach of shops and the post office**. They may or may not be bothered about leisure facilities.

Some senior couples will spend up to three of the winter months abroad. Others will move district to purchase a property within a holiday area.

Please get rid of any stereotypes you may have about decrepit old people in grey cardigans. Sure some are like this, but things have changed big time. Seniors are more healthy and live a lot longer than just fifty years ago. They also have money – they are one of the wealthiest classes due to two things. First the rise in property prices has made them 'rich' – particularly if they now downsize. Second, they no longer have dependent children (a huge expense) and they also tend not to want a load of 'stuff' that younger people buy to massage their egos (flat screen TVs, Hi-Fi systems, latest PC, fast cars, 'designer' clothes, etc.). To contrast this, their earnings are often well down on their peak years.



## Single Seniors

The single seniors group are those who may be divorced, widowed or single because they never married. They have slightly different needs to retired couples.

Single seniors still prefer to leave the city or town life behind, but they require restaurants and more of the leisure pursuits of the single young professionals.

Requirements for each of these groups are divided into 4 areas:

### Immediate environment

#### Transport

Services (doctors, post office, parks etc.)

Leisure services (sports club, restaurants, theatres, pubs etc.)

Before we continue...

### Consider this...

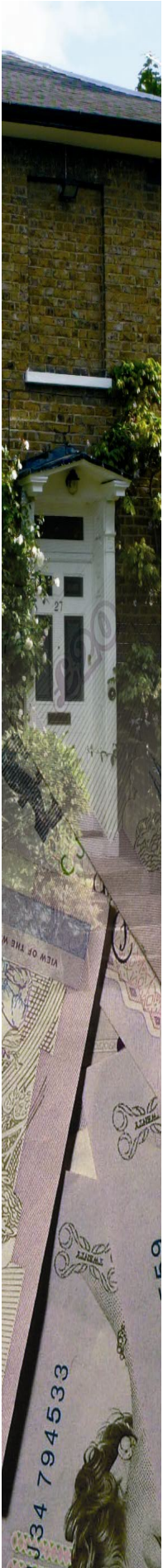
**If you worked for 40 years and saved 10% for retirement – 4 of those years would represent the time you worked solely for that retirement fund.**

**Let me repeat that – it would take 4 whole years of working to supply that retirement fund – and that fund would NOT pay you a decent amount. It would barely be enough to live on.**

**You can learn about the property market and start building your first property portfolio within 6 months to a year in your spare time. And the potential profits will far outweigh the 10% of your wages stashed away for your retirement. In fact, you could easily become a property millionaire in just a few short years.**

To put it into financial figures...

If you've been very, very good and saved regularly into a pension for many years you may get a pension of £10k-£15k a year (today's money) when you retire at 65. Big, fat, hairy deal. That's after a LIFETIME of saving. By the way, let me quickly say that saving is good and I'm not suggesting you stop – after all, £15k is a lot better than a state pension. No, my point is to contrast this paltry sum with the profits available through property deals.



Just owning two poxy little bedsits will bring you about £15k each year.

If you build a very small portfolio of (say) ten 1-bed flats between now and retirement, your retirement income would be £80,000+ a year! AND you would have one or two million in assets (all in today's money).

And I think you'll admit you would not call yourself a property tycoon with this tiny portfolio.

How cool is that?

Right, onwards and upwards...

To make it easy to see the priority order of requirements for each group of buyers I use 2 scoring systems.

The first is a star rating system...

- NI = not important**
- \* = quite important**
- \*\* = important**
- \*\*\* = very important**

The second scoring system is a simple YES/NO

## **Immediate Environment**

These are the choices...

Property located in the capital city; a city; a town; a suburb; semi-rural (e.g. village) or rural. Before we go any further, I want to identify what each of these describes...

**Located in the capital city** is obviously London, Edinburgh, Cardiff, Belfast or Dublin.

**A city** is any of the other cities – the presence of a Cathedral used to elevate a town into a city, but that rule is not always applied now. Manchester is a city, Reading calls itself one!

Located in **a town** means (as you would expect) property within any of the major towns. Banbury is a town, not a city.

Houses in **the suburbs** are not directly inside the city or town area but on the outskirts, often in the urban sprawl which links towns. In the older cities and





towns, especially seaside towns, the houses are usually rows of Victorian and Edwardian houses. In modern over-spill areas such as Andover, they are housing estates situated on the outer edges of the town.

**Semi-rural** usually relates to large villages surrounded by green-belt land.

**Rural** means properties within small villages and very rarely these days, located in a hamlet.

**Desired Property Locations...**

	<u>City</u>	<u>Town</u>	<u>Suburbs</u>	<u>Semi-rural</u>	<u>Rural</u>
Young professionals	YES	YES	YES	YES	NO
Families	NO	YES	YES	YES	YES
Senior couples	NO	YES	YES	YES	YES
Senior singles	YES	YES	YES	YES	NO

Next under **Immediate Environment** the considerations are of...

	<u>Peace</u>	<u>Low traffic</u>	<u>Parks/open spaces</u>	<u>Rural</u>
Young professionals	*	NI	*	*
Families	**	**	***	*
Senior couples	***	**	*	***
Single seniors	*	*	*	**

Finally in immediate environment let's take a look at some different property types. 'Old' equates to period properties and includes detached, semi-detached, terraced as does the modern houses section.





## Property Types

	<u>Old Bungalows</u>		<u>Flats/Apartments</u>	<u>Modern</u>
Young professionals	YES	NO	YES	YES
Families	YES	NO	NO	YES
Senior couples	NO	YES	YES	YES
Senior singles	YES	YES	YES	YES

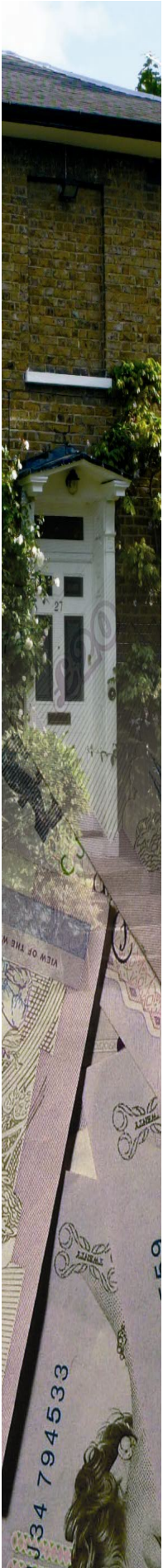
## Transport

The importance of transport to each group.

	<u>Public Transport</u>	<u>Commute to work</u>
Young professionals	*	***
Families	**	**
Seniors	***	NI
Single seniors	**	*

	<u>Access to motorways</u>	<u>Access airports</u>
Young professionals	**	**
Families	**	*
Seniors	**	*
Single seniors	**	*

So you can see that motorway access is important to all groups. Access to airports is actually quite important but people rarely consider this when buying a house. I guess people are willing to travel quite a distance for the odd time they need to fly. Nobody wants to be TOO close to an airport!



## Services

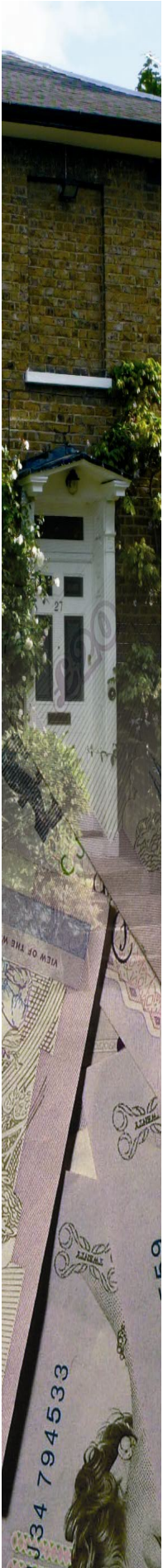
	<u>Shops/centres</u>	<u>Local shops</u>	<u>Supermarkets</u>
Young professionals	*	*	*
Families	**	*	**
Seniors	*	**	*
Single seniors	*	*	*

	<u>Medical facilities</u>	<u>Schools</u>
Young professionals	*	NI
Families	**	***
Seniors	**	NI
Single seniors	**	NI

## Leisure services

	<u>Amenities</u>	<u>Sports Clubs</u>	<u>Swimming pools</u>
Young professionals	**	**	*
Families	**	NI	*
Seniors	**	NI	NI
Senior singles	**	*	*

	<u>Bars</u>	<u>Restaurants</u>	<u>Theatres</u>	<u>Leisure complex</u>	
Young professionals	**	**	**	**	
Families	NI	*	NI	**	
Seniors		*	*	*	*
Single seniors	**	*	*	*	



You may think I've banged-on a bit too long on this subject but it really is very important. To get you to think like a tycoon I want you to start **looking at every property deal in a completely different way from how you have so far**. Who is going to BUY this property from you a few years down the track? Just consider one example...

You're thinking of buying a 5/6 bedroom house. Okay, immediately what sort of house is this?

It's a *family* house, right?

I'm talking the *main* market. Don't get cute on me and say a single man in his 90's may buy it. Yes he MAY do, as in the case of my house, but it's most unlikely and your market is families, no question. So immediately you must go down the above check lists and rate your property for appealability to the family group. It had better be close to the good schools, away from noisy traffic-filled streets, have a park nearby and so on. Of course no property will score perfectly – that's not what we're after. We want a high score though. If the house is remote, on a busy main road, no schools or shops nearby, no parks, nothing much in walking distance then okay you MAY (and probably will) sell it eventually, but you'll struggle and the price will be lower.

So, remember when you are buying your home, make sure you buy a property that is suitable for a given market – young professionals, families, seniors or single seniors.

Don't only consider what you want or what appeals to your mood-of-the-moment emotions. Picture your buyer. Consider *their* needs and the location from *their* point of view.

There is an additional method to help you decide which group your potential buyers are most likely to come under. When you view a property, **make enquiries and find out whether most of the people already living in the area are young professionals, families or seniors**.

**Features that appeal to almost everyone...**

- Other properties in the area which add character to the district.
- Good transport links.
- Peace and quiet – a rare commodity these days. So, no flight paths, no busy roads, no pubs.





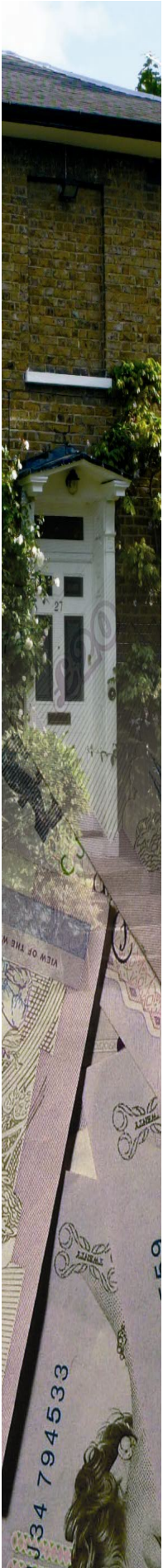
- Good shops and leisure services nearby.
- Not overlooked. People like their privacy – another rare commodity. (Don't even get me started on ID cards, spy cameras, phone tapping, satellite tracking of cars etc !!!)
- Well-tended parks, green space and tree-lined avenues and roads

#### **Features that increase the value of a property:**

- Off-street parking (this is a biggie).
- Garden – preferably south or west facing.
- Position of main living area – preferably south facing.
- Pleasing views from the windows.
- Good-sized rooms.
- Ceilings no lower than a height of seven feet – creates light and a feel of space.
- Decent sized kitchen and bathroom.
- The immediate area is pleasing.
- Not overlooked.
- Quiet.
- Roof terrace, balcony or outside access from a flat.

Extra features that increase value (but not as much as you might think so don't add them to try and increase the value of a house, only add them if you want them for other reasons.):

- A good-sized conservatory – as long as it doesn't take up too much of the garden.
- A garage within the garden/grounds.
- A green house.
- A lockable strong shed for semi-rural and rural properties.
- Downstairs cloakroom.
- Front porch.
- Splendid fireplace and other such features (e.g. exposed beams).



### Features that add value to flats and apartments:

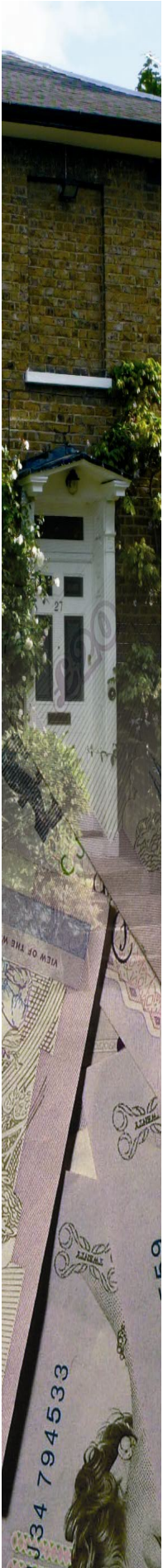
- Top flats are preferred for the light they afford – but would not attract a senior buyer because of the stairs.
- Security systems will be especially attractive for single female professionals coming home in the evening.
- Middle flats make good investment, they are best for security
- Bottom flats offer a garden and are therefore desirable, but they suffer poorer security. And if there is any flooding from heavy rain, the bottom flat is the most vulnerable. Also bottom flats are very vulnerable to water leaks from flats above. These happen with monotonous regularity.

### Family Homes:

- A home in a cul-de-sac is perfect for the family group, because it's a safe place for children to play.

### Features that devalue a property:

- My favourite – swimming pools!
- A local crime rate that puts personal safety at risk and makes insurance policy costs high. (Tip: go to [www.upmystreet.com](http://www.upmystreet.com), enter the postcode of the house and you will find a load of useful stuff including crime figures for that area!)
- Late night noise from a local pub, club or restaurant – people like to be within walking distance of these facilities but not live next to or opposite them. Consider a house close to a pub as all but unsaleable.
- Other noise pollution problems to be avoided are: in the flight path of aircraft, noisy neighbours, high volume of traffic close-by.
- Flats above commercial premises such as a shop are often difficult to mortgage and in the main are unattractive to buyers. There are exceptions and one of these is a flat above a shop in the lanes of Brighton, it is a highly desirable property for the young professionals group.
- Roads that are part of a major route that make the surrounding areas unattractive and dirty, also polluting the immediate environment.



- Mobile phone masts close enough to be seen.
- Electricity pylons close to the house. The jury is out on whether these cause cancer ‘hot spots’ but who cares about mere facts? Not the general public. **It’s people’s perceptions which count.**
- Commercial areas that contain ugly buildings and become a potential security risk at night.
- Garages at the back of the property can pose a crime risk.
- Near industrial waste and pollutants.
- Risk of subsidence.
- Risk of flooding.

Just consider all the items we have covered and now compare that with the way most people buy property to live in! There is simply no comparison is there? They just wander around a few houses hoping that some mystical lash of insight will come or that they will know when a house ‘feels’ right!

Crazy.

How many people prepare a 50-point check list before even venturing out to look for property? How easy is it to miss something vital without this check list. Here are a few items to give you a flavour of what a personal check-list might look like (there would be many more items):

- ✓ Who will buy this property? What’s the market?
- ✓ 4 Bed minimum
- ✓ Must have a study
- ✓ Small south facing garden
- ✓ Little traffic noise
- ✓ No flight path
- ✓ Pylons and phone masts?
- ✓ Near junior school
- ✓ Double glazed
- ✓ No pond
- ✓ Pubs nearby?
- ✓ No industrial units close
- ✓ Check crime stats
- ✓ Flooding risk???
- ✓ Nothing weird!





And so on! Not one in 100 doofus property buyers have such a check list. I find that utterly astonishing. When you do your list, put a star \* next to 'deal breakers'. These are the things the property MUST have (or must not have) no questions, no ifs or buts. The rest are all 'nice if you can get it' – the more of the things on the list you can check off, the more suitable the property.

Okay that's it for this lesson. I do hope you have learned a lot and enjoyed reading the lesson.

You are well on your way to getting a lot of property basics under your belt. Well done for your efforts so far.

See you next time.