EMJA
EMJA Group
Property Investment

Website Investor Day Contact us

Newsletter
April 2022

It has been a productive month. With all walls down and stud walls going up, the structural work is almost complete at Belfry House. In addition, the lead pipe has been replaced and the exterior of the house has a new face and roof! Meanwhile, the Eaton flat has been prepped for let, marking two projects completed by Emily in the same number of months. At the same time, the hunt for the next project continues.

Sourcing

Despite continued easing, the market remains hot. While this means it has been fun to watch the value of held properties rise with demand, it does continue to make hunting for new opportunities challenging. With Lilian at the helm, EMJA have looked at plenty of potentials including several vanilla refurbishments, others sporting gaps wide enough to fit an Emily, a possible new-build and a potential 6-unit commercial conversion; EMJA have grown fond of commercial conversions and are hungry for more!

Project Progress

- In Acquisition: 0
- On the Market: 1
- Sold last month: 1
- In Progress: 2
- Sales conveyancing: 0

Eaton Close

AirBnB vs Buy to Let. Emily has given much thought to this topic, comparing the benefits and drawbacks each of these investment strategies bring. The main reason she bought this flat is to add to her portfolio and create another passive income stream. It is supposed to be a simple, 'stress-free' investment. With the minimal work required (little more than a lick of paint) to maximise the revaluation figure, the flat is ready to be rented out.

As a one-bedroom flat, research showed that the revenue would be similar between a standard BTL and AirBnB. Deduct the added operational costs from the AirBnB revenue and the BTL option was the clear winner. BTL is also very hassle free. Click Eaton Close to see more of the deal!

Eaton Close

Belfry Project

Following the long-awaited return of the third-party wall agreement from the elusive neighbour, the structural work commenced with gusto. Three weeks later, all chimney breasts and structural walls have been removed, roof works are complete with Velux windows installed, the facia has been restored to its stone base, and once again James has made himself known to neighbouring residents by having the entire width of the road dug up to replace the lead pipe. This month should see the plumbing and electric first fix work carried out and the completion of the first fix joinery work. Click Belfry Avenue to see more of the deal!

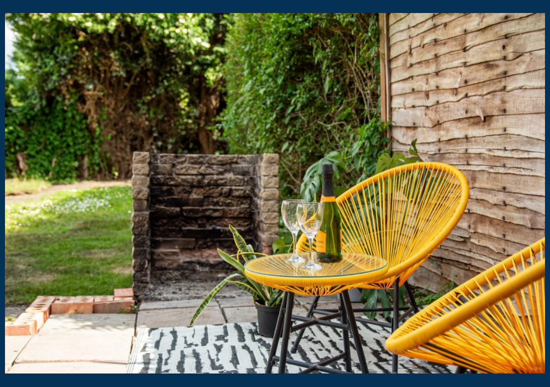
Belfry Avenue

Lydney Rd

It is commonly known that an average of one out of three sales in England fall out of bed. Until recently, EMJA have been proud to have never had this happen, and then Lydney Road came along. Unusually, EMJA never actually bought Lydney House. This is because the owners were in distress due to their non-paying tenants, moreover, it made the vendors go into arrears. Had they sold the conventional way, the risk of a drawn-out conveyancing period would have seen the bank claim the house to cover the debt. Instead, EMJA took power of attorney over the property while it stayed under the ownership of the previous landlords. This is known as an Assisted Sale, which came with three critical advantages. First, it was possible to take control of the property over a matter of days. This allowed EMJA to settle the owners' arrears with the bank and cover the mortgage payments for the duration of the project. Second, by not having to wait for the conveyancing to complete, it was possible to get started on the refurbishment immediately. Third, EMJA did not need the funds to buy the property, only the cost of the mortgage payments and refurbishment costs needed to be covered.

The one disadvantage was not realised until it came to selling the property. This came in the form of cautious solicitors representing the buyers. Being a specialised property flipping technique, very few solicitors are familiar with Assisted Sales. This naturally made them cautious and so they requested excessive undertakings from EMJA's solicitor, undertakings that he was not able to give. This led to two sequential sales falling out of bed. Keen to get the sale completed and release the equity, EMJA handled the third sale differently. As with an auction, a legal pack was prepared. This meant no time would be lost waiting for the buying solicitor to conduct the various searches and checks. It also made the house more attractive to savvy buyers because it assured them of a quick conveyancing period. Lastly, when selecting the buyer, EMJA made sure to investigate the buyer and the solicitor to ensure they would be comfortable with the assisted sale setup. Click Lydney Rd to see more of the deal!

Lydney Rd



The pain was worth it. The third buyer offered £15,000 more than the previous failed buyers and having not had to commit funds to buy the house, EMJA enjoyed a healthy Return on Capital Employed (ROCE) of 69.6%. For comparison EMJA typically seeks a ROCE of 20%. We look forward to the next Assisted Sale opportunity!

Have a burning question about what we are saying next month? Don't wait!

Subscribe now!

or

FOLLOW US!