

## **ipb National Journalism Awards: Entry for Feature Writer of the Year**

Martina Lees  
The Sunday Times  
[martina.lees@sunday-times.co.uk](mailto:martina.lees@sunday-times.co.uk)  
07746735393  
30 Warwick Road  
Twickenham  
TW2 6SW

### **The ultimate extensions guide**

*We've seen the light (part 1: ground-floor extensions); Moving on up (part 2: lofts and basements)*

We're no longer a nation of movers, but one of improvers. Every month, almost 40,000 property owners across Britain are applying for planning consent to improve their homes — up 3% over the past year, and the highest figure since the financial crisis, according to the construction data analysts Barbour ABI, who has supplied its research exclusively to The Sunday Times. The driving force is shifting away from rich London boroughs with “ice-berg homes” to commuter districts such as St Albans, which has the highest concentration of extensions in Britain, and to the northwest. But how do you get your extension right? In this practical and inspirational guide for the renovation nation — both parts of which featured on the cover of Home — experts and expanders share their dos and don'ts of ground-floor extensions, lofts and basements.

### **Light industrial revolution**

As new permitted development rights make it easier to turn an old workshop into a dream home, research sourced exclusively from the land search LandInsight maps more than 160,000 such light industrial sites in England — almost 7,000 of which are vacant. This Sunday Times Home cover story tells readers how to cash in, with advice from those who have done it — such as Carl Homerstone, who turned a £2.3m empty workshop in southwest London into a £5.5m grand design for him and his son, Oscar, 6.

### **Last orders for buy-to-let?**

As taxes have risen and rules been tightened, we've seen headline after headline proclaiming the demise of buy-to-let. But now the most comprehensive analysis of the sector since it was shaken up two years ago — given exclusively to The Sunday Times by Savills and UK Finance, previously the Council of Mortgage Lenders — shows what is really going on. Buy-to-let lending has plummeted by half in London and the southeast over the past two years, limiting rented homes where they are most needed. This feature reveals how the market is increasingly reliant on cash buyers and institutional landlords — which are not growing fast enough to plug the gap — and reveals the five strongest buy-to-let markets, where there is still money to be made.

1 London Bridge Street, London SE1 9GF  
T: 020 7782 8000

Registered Office: Times Newspapers Limited, 1 London Bridge Street, London SE1 9GF  
Registered Number: 894646 England & Wales



Celebrating the royal wedding? Invite the whole street **18**

# Home

Travel  
INSIDE



## ESTATE OF THE ART

Discover a unique selection of luxurious properties from around the world

Refine your search  
[mansionsglobal.com/london](http://mansionsglobal.com/london)

MANSION GLOBAL

In partnership with

THE SUNDAY TIMES  
THE SUNDAY TIMES



# WE'VE SENT THE LADDER

Moving up the ladder is harder than ever – so more of us are choosing to transform our existing space. In part one of our ultimate home-improvement guide, *Martina Lees* explains how to make sure your ground-floor extension lives up to the dream

We're no longer a nation of movers, but one of improvers. In the month since £0.000 property owners across Britain are applying for planning consent to improve their homes – up 3% over the past year, and the highest figure since the financial crisis hit a decade ago.

It's a trend that's been fuelled by writers who share her 1930s semi in Queen's park, northwest London, with her three daughters, we all dream of "a big garden and lots of light". Now, after a £270,000 makeover and a full-width rear extension with metal-framed doors to the 100ft with bright brass on a grey day.

Sarah can keep an eye on Wipac, 9, Sals, 8, and Sadie, 6, as they rollerskate around her tarmac and concrete kitchen island – offset by Farrow & Ball black blue tongue-and-groove catkins – and pin the play corner. "This was a gorgeous house, but opening it out has transformed our, highly-pedigree downstairs space," Sarah says of the design by the Wandrey House (thewandreyhouse.com).

Homeowners in London are far more likely to improve rather than move – around twice the national average," says Michael Dall, lead economist at the data analyst Barbour ABI, which has provided its latest

**A brighter future**  
Sarah Tomlin and her three daughters in the full-width rear extension that has transformed their 1930s home in northwest London

research on building trends to The Sunday Times. Even so, home improvement has been up 10% in the last 12 months compared with the average across the previous two years. The basement boom in the city's richest boroughs is over: Kensington and Chelsea – "The spiritual home of the iceberg house," as Dall calls it – had topped the improvers tables since 2010.

The slips and scuffing are moving to "less conspicuously wealthy areas" in the commuter belt, such as the Mole Valley, around Dorking, Surrey. St Albans, Hertfordshire, had the highest concentration of extension applications compared with one per 120 countrywide.

## TOP 10 HOME IMPROVERS

District	Improver ratio	Growth
London	1.2	9%
Uxbridge	61	5%
Uttlesford, Essex	6.7	-3%
South Buckinghamshire	5.7	5%
Sevenoaks, Kent	5.6	-2%
Kensington and Chelsea	5.4	-1%
Cambridge	5.4	-1%
Essex	5.4	-2%
Essex	5.2	12%
Three Rivers, Hertfordshire	5.0	-6%

Source: Barbour ABI (Applications per 100 private homes)

There are two types of extenders: those who want a cheap box to make money from their house, and the blue-sky thinkers who create a space that will bring together their growing family

Even so, growth in home improvement has slowed in the southeast and east. The last two years had lost from £10 to £100,000. When the builder poured a concrete slab instead of creating the suspended timber floor specified by the architect, they had to replace a load-bearing wall and a collapsed ceiling. It prompted Depledge architecture platform, which can design building projects from £250 and helps homeowners visualise it with 3D models from £100 (resi.co.uk).

According to Depledge, there are two types of extenders: those who "just want a house within a certain time frame, and the 'blue-sky thinkers' who have been inspired to create a space that will bring together their growing family. First, work out what is at the root of your desire to extend, she says. A loft will likely add a side room might suit the latter.

For rent and Jim Davis, spending £120,000 to extend to the rear and subdivide one of their four bedrooms meant they didn't have to sell their 1930s semi in Northampton to get the perfect house. "I was looking for a house in Northampton, and George Hamish, 7, "our boss, who we had plus the extra bedroom without spending £300,000-£400,000,"

**ASK THE BIG QUESTIONS FIRST**

The experience of extending can, as the tech entrepreneur Alex Depledge, 37, found when filling in the 30ft side return

of her family's two-bedroom maisonette in Baltham, south London, "be so bad that you're left with a house that's unusable for four months and £50,000. When the builder poured a concrete slab instead of creating the suspended timber floor specified by the architect, they had to replace a load-bearing wall and a collapsed ceiling. It prompted Depledge architecture platform, which can design building projects from £250 and helps homeowners visualise it with 3D models from £100 (resi.co.uk).

According to Depledge, there are two types of extenders: those who "just want a house within a certain time frame, and the 'blue-sky thinkers' who have been inspired to create a space that will bring together their growing family. First, work out what is at the root of your desire to extend, she says. A loft will likely add a side room might suit the latter.

For rent and Jim Davis, spending £120,000 to extend to the rear and subdivide one of their four bedrooms meant they didn't have to sell their 1930s semi in Northampton to get the perfect house. "I was looking for a house in Northampton, and George Hamish, 7, "our boss, who we had plus the extra bedroom without spending £300,000-£400,000,"

**USE PERMITTED DEVELOPMENT WISELY**

If you have a set deadline or want to finish building before, say, your baby is born, do it under permitted development (PD)

says Jen, 41, a personal assistant. They kept two cosy receptions to limit TV noise, and a "concealed" kitchen. A shaped space with an ink-style kitchen by the Main Company (maincompany.com), a dining area and a garden room with two sets of bifold doors.

The more expensive the postcode, the more conservatively build costs usually see you. A single-storey rear extension, three metres deep and five metres wide – the average width of a Victorian terrace – starts at about £48,000 in London, £42,000 in the south, and £35,000 elsewhere.

These quarters of applications for extensions are in boroughs with average house prices above £175,000, according to the Barbour ABI report. At the bottom of the scale, Blackpool, where the average home costs £105,743, had only one of the lowest rate in Britain. To see if extending will add value to your home, use the calculator on our digital editions.

**USE PERMITTED DEVELOPMENT WISELY**

If you have a set deadline or want to finish building before, say, your baby is born, do it under permitted development (PD)

## Home Cover

rights. This is easier than applying for planning permission, which – in an ideal scenario – takes about a year from paperwork to paintwork, but it's still wise to get a lawful development certificate to get extensions up to three metres deep on terraces and semi's (but not flats), or four metres on detached houses, even in conservation areas (planningportal.co.uk). Under temporary PD rights, you can double these measurements if you first get a planning officer's agreement, which will ask your neighbours whether they object. To qualify, you'll have to start now – your project must be complete when the rights expire next May.

To add ceiling height, dig down one or two steps below the existing floor level. Or allow four metres closer to the centre. In Peckham, southeast London, Juliet and John Baptiste-kealy achieved this with a sawtooth roof on a larch-clad three-metre extension to their modernist ex-council flat. The project was shortlisted for the Ninning Architects, it was shortlisted for New London Architecture's Don't Move, Improve! Awards this year.

"It has transformed our family life," says Juliet, 41, a flood stylist. "I now cook and work with my eight-year-old son, and we have a table for dining and playing in the garden. We don't have to queue for the bathroom now we have a beautiful wetroom downstairs, and the former kitchen in the front of the house is a multi-functional snug, office, games room and study."

You shouldn't be blinded by PD. "I meet so many people who design their building based on what they think they won't need permission for, when actually they should design the space they need," says Jason Sims, partner & managing director at the award-winning London Show (June 30 and July 1, Sandown Park, Surrey; [homebuildingshow.co.uk/surrey](http://homebuildingshow.co.uk/surrey)). "Start with what you want."

### GET THE DESIGN RIGHT

"Think about the ratio of inside space to outside space," says Jo Dixon, of Mae House Design ([maehousedesign.com](http://maehousedesign.com)). "If you extend to the maximum allowed amount, you could end up with a large family home, but a garden not big enough to warrant using the rest of the ground floor. Repurpose other living spaces "or you can end up with a dead room, only used at Christmas", says Jennifer Hamilton, of the Vauxley House.

Don't just play your living space to the limit. "I've lived in a three-bed house for six months of the year, and it's pretty cold, dark and gloomy." At night, we then crave "a cosy, warm space around the fire. If possible, have both a day and a night option for living."

In Hampstead, north London, Diane and Peter have a Victorian house of £250,000 extension, made almost entirely of glass, to the grade II listed Victorian villa they share with their daughters, Leah, 17, and Sofia, 14. "The house has lovely proportions, but the kitchen was always a small in relation," says Diane, 48, who says the extension was designed "a shell of glass so you still see the architectural merit of the house".

Glazed sliding doors on two sides bring the outside into the new kitchen and dining area, which is shaded from the sun and overlooking neighbours by a crisp timber-paneled room where they can read by the fire. The same polished micro concrete flooring extends through



**Box fresh**  
The sawtooth roof on this London extension by Ninning Architects makes the most of a single storey. The Davises' kitchen in Northampton, left, is orientated by the Max, Below, Alex, Depledge's Bellham extension



**If you have an old house that's full of character, you can enhance that by doing a very modern extension. It's honest and transparent**

both spaces, all the way out to the terrace, by the glass (the Davises' and Depledge's). It's "almost impossible" to perfectly mimic a period house with a period-style extension, Orme says. You'll have to find not only original bricks to match, but everything down to the mortar colour, the slate and the cast-iron pipework. "I've seen a lot of extensions over the past 50 years." "A fan of a view which is shared by most conservation officers, that if you have an old house that's full of character, you can enhance that by doing a very modern extension. It's honest and transparent."

### BRING LIGHT TO THE CORE

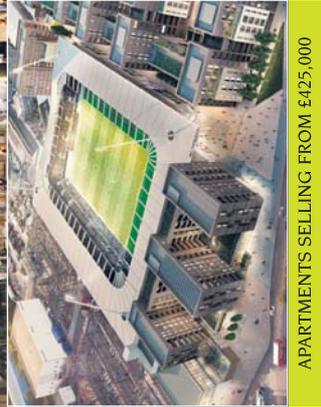
The most common mistake with rear extensions, according to the architectural body, is to leave rooms that were previously at the back of the house "gloomy and landlocked". To retain daylight penetration into what will now be the

# STADIA THREE

WIMBLEDON GROUNDS • WIMBLEDON LONDON SW17

## The showcase is open.

VISIT THE MOST PROLIFIC NEW REGENERATION LANDMARK FOR LUXURY LIVING IN SOUTH WEST LONDON



APARTMENTS SELLING FROM £425,000

- Highly refined 1, 2 & 3 bed apartments, majority with balcony.
- Masterplan includes a new stadium for AFC Wimbledon, retail, leisure and new public realm.
- Located within a 1300 metre radius of 4 rail lines.
- 8 minutes drive to Southfields & the All England Lawn Tennis Club.

Stadia Three sales & marketing suite open 7 days  
Plough Lane, Wimbledon, London SW17 0BL

London Central Sales 020 3874 1057

[galliardhomes.com/stadia-three](http://galliardhomes.com/stadia-three)

Galliard Homes



Hello heatwave: our pick of the hottest garden furniture 25

# Home

Travel  
INSIDE



## Top to bottom

Part two of our ultimate guide to building your dream extension — lofts and basements 10

**Oak**  
furnitureland  
The home of solid hardwood

Everyday living – there's more to discover

OVER 90 STORES NATIONWIDE  
– come and visit the one near you.

BANK HOLIDAY EVENT UP TO 50% off MUST END TOMORROW



As good on the inside as it looks on the outside

Always room for that unexpected guest.

KEMBLE Extending Dining Table with 6 Fabric Chairs Individually: £1,333.64 SET SAVING: £899.00 plus FREE DELIVERY\*\*

Prices correct when sent to print. Please check product availability at your local store, by phone or at oakfurnitureland.co.uk/showrooms. \*\*Delivery to mainland UK and Northern Ireland only.





October 29, 2017

THE SUNDAY TIMES

We reveal London's most extravagant new pad – an astonishing £100m **12**

Future-proof without losing your look **18**

Gilty pleasures: the season's new metallics **26**



# Home



## Tripping the light fantastic

Cash in on new rules to turn an industrial wreck into your dream home **8**

# Home Cover

# LIGHT INDUSTRIAL REVOLUTION

New planning rules make it easier to turn an old workshop into your dream home – and with 7,000 lying empty, chances are there’s one near you. By *Martina Lees*

**C**ould newly relaxed planning rules turn the old paint-stripping workshop around the corner into our ticket to a bigger house? We’ve been walking past its boarded-up windows for years on the way to my daughter’s school in southwest London, but from this month permitted development rights will make it easier to convert light-industrial sites into homes. I’m tempted – should we snap it up?

Exclusive research by LandInsight, a land search app, has mapped more than 160,000 sites in England with class B1c use for “light industry appropriate in a residential area”. Almost 7,000 are vacant. “These present a lot of opportunity,” says Andrew Moist, a would-be self-builder who co-founded LandInsight four years ago after struggling to find land in London. “For small buy-to-let investors, it could be the next step up.”

The permitted development (PD) rights, which came into force in England on October 1 for a period of three years, only cover existing buildings smaller than 500 sq metres (5,382 sq ft), which, Moist points out, are “not that attractive to large developers”. That gives self-builders and small-scale developers a chance to swoop.

The change follows the introduction in 2013 of PD rights to turn offices into homes. Government data shows that this led to 13,800 new homes in 2015-16, or one out of every 13. The conversion rate has soared fivefold, to 1% of office stock a year, causing a 0.25% net loss of office space, according to CBRE, the property services firm.

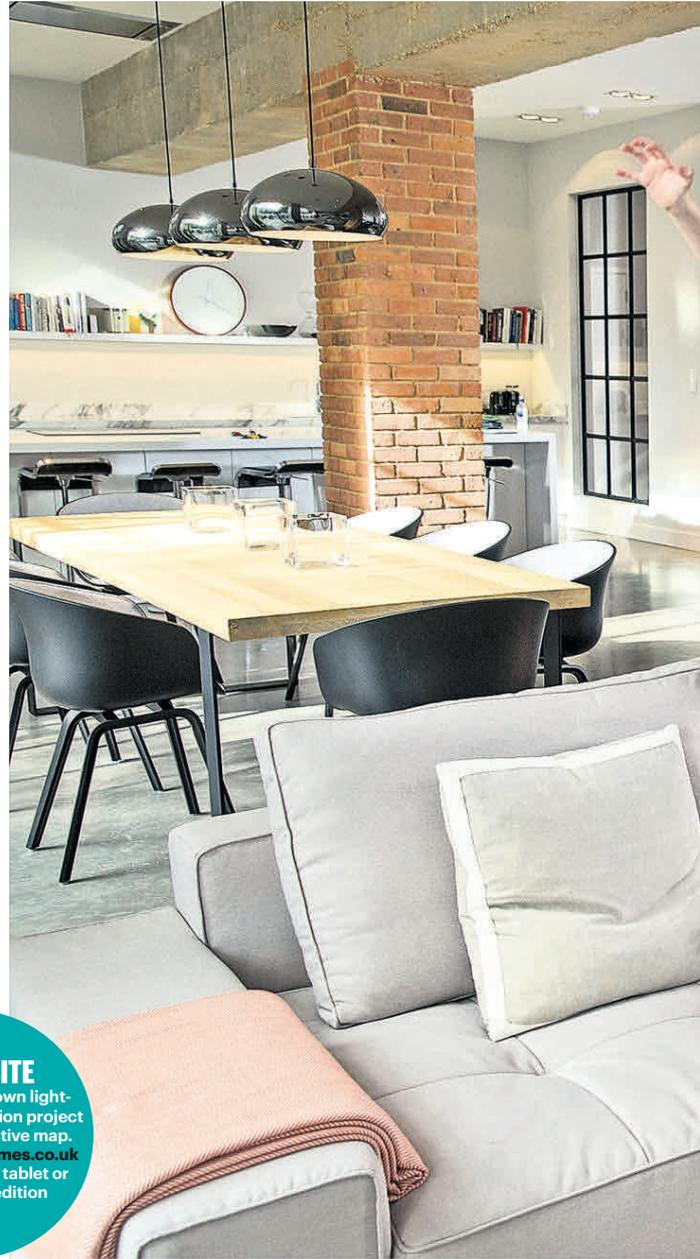
The scheme is not without controversy. Critics say that bypassing normal rules means these homes are often smaller than planners would require, and councils lose their ability to make developers pay for affordable homes and infrastructure.

### LONDON E2

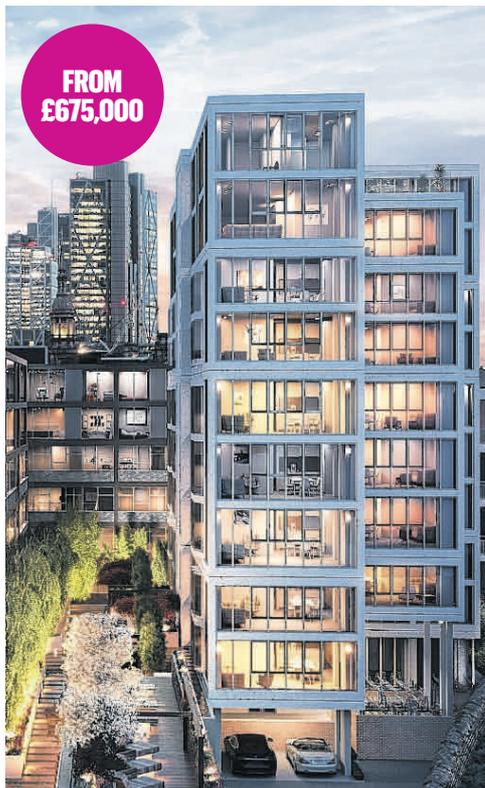
Two class B1c workshop buildings in Shoreditch, built for furniture makers and carpenters in 1958, have been turned into 119 loft-style flats with between one and four bedrooms. The landscape architect Alexandra Steed designed the gardens over four levels, including a sun deck inspired by the New York High Line. New permitted development rights on such sites are limited to buildings under 500 sq metres – enough room for about 10 flats at best.

020 3944 0205, knightfrank.co.uk

**Leap of faith** Carl Homerstone with his son, Oscar, at their home in southwest London, which he converted from a workshop. It is on sale for £5.5m



**FIND A SITE**  
Search for your own light-industrial conversion project using our interactive map. Visit [thesundaytimes.co.uk](http://thesundaytimes.co.uk) or download the tablet or smartphone edition



**FROM £675,000**





WICK COUCHMAN



**WHERE TO INVEST IN LIGHT INDUSTRIAL CONVERSIONS**

LOCAL AUTHORITY	NUMBER OF B1c SITES	PLANNING APPLICATIONS FOR NEW HOMES	AVERAGE HOUSE PRICE
1 Birmingham	2,896	543	£183,289
2 Cornwall	3,088	4,154	£244,774
3 Sandwell, W Midlands	1,872	172	£135,039
4 Leeds	2,441	737	£192,388
5 Stratford-on-Avon	1,217	838	£340,978
6 Dudley	1,741	290	£168,035
7 Bradford	3,070	847	£157,352
8 Hackney, London	1,131	439	£596,553
9 Nottingham	1,445	346	£140,714
10 Hull	1,234	117	£109,274

Source: LandInsight/Land Registry

**“It was my childhood dream to live in a warehouse conversion. I wanted that space where a child could scoot around the living room**

For individuals, the new rules reduce risk, says Carl Homerstone, 51. He has just finished converting a workshop in Barnes into a £5.5m grand design for him and his son, Oscar, 7. The empty building had only been advertised as a rental, but he offered to buy it for £2.3m in 2014. Residential property in SW13 is worth about twice as much as commercial, yet Homerstone says that's not what motivated him: "It was my childhood dream to live in a warehouse conversion. I wanted that space where a child could scoot around the living room." Father and son do indeed hop on their bikes here: the open-plan living area, with its brick columns and partly exposed concrete ceiling, takes up the full 55ft width of the conversion.

Over the past five years or so, Glenthams Road, where Homerstone lives, has gone from industrial dead end to upmarket enclave. An electrical warehouse next door became two duplexes, and industrial units on the other side partly made way for a modern house. "I didn't think there would be much resistance," Homerstone says of his six-bedroom home.

Getting it past the planners under the old rules took 20 months, however. "I have 20 years of experience in planning. If I'd got this wrong, it would have been an expensive mistake," says Homerstone, whose firm, Urban Associates, buys and sells land on which it gains consent for social homes.

Looking for local precedent will help under the new rules, too: while you don't have to lodge a full planning application for change of use from B1c to housing (C3), you must still apply to the council for "prior approval". "If they've given

**HIVES OF ACTIVITY**

Once the manufacturing capital of the world, Birmingham now tops the chart of the best places to invest in light-industrial conversions under new permitted development rights, according to exclusive research by LandInsight. The analysis ranked areas based on the number of such sites with class B1c use, and how fast local house prices have risen over the past year.

- Birmingham has almost 2,900 light-industrial sites, and property prices have increased 7% in the past year to £183,000. Yet despite being a third of the way into its multibillion-pound Big City Plan makeover, Britain's second city ranks only 64th for the number of planning applications for new homes (543) — making competition from a glut of supply unlikely. Two neighbouring

councils, Sandwell and Dudley, are in the top 10 too, in third and sixth place.

- Cornwall, the local authority with the biggest land area, is second, with about 3,100 B1c sites, but has more new homes in its planning pipeline (4,154) than anywhere else in England.
- In the north, Leeds (2,400 B1c sites) and neighbouring Bradford (3,100) also hold promise, with price rises of 4% and 4.5% respectively in the past year.
- The only London borough in the top 10 is Hackney, in the East End, where prices rose 11.7%. LandInsight's search app plots 71 B1c sites in Hackney Wick alone, on the doorstep of the Olympic Park. But buyers need to be quick: the borough has issued an Article 4 direction that means PD rights to convert its 1,100 B1c sites into homes will apply only until the end of April 2018.



# Home Cover

→ similar planning permission already, you're more likely to get prior approval," Moist says.

"PD isn't a golden ticket to a consent," warns Grant Lipton, co-founder of Great Marlborough Estates, a boutique London developer that recently converted an industrial site in Notting Hill into mews houses. Prior approval can be refused over flood risks, contamination, traffic or – and this grey area leaves plenty of room for argument – if your scheme would harm an important light-industrial area. One-fifth of prior approvals for office conversions have been vetoed. "Before you commit, it's worth having a thorough check," Lipton advises.

Find out if the council has issued an "Article 4 direction" to ban light-industrial conversions. If so, "all bets are off", says John Bowman, planning partner at the law firm Field Fisher. "Some London boroughs, such as Islington, Kensington & Chelsea and Southwark, are trying to protect their light-industrial stock."

Bowman also suggests an "informal conversation" with the planners to find out how valuable the site's industrial use is. If the workshop has long been empty, you could use that to argue low demand.

How do you find a deal? "Speaking with independent local agents is one of the best ways to find potential sites," Lipton says. "While Google Maps is a good way of searching without getting your shoes muddy, you can't replace that good old-fashioned approach of driving around."

LandInsight's app allows you to map ownership, search all planning data and compare prices for sites nationwide,

helping you to find deals off-market (from £50 a month, with free trials; landinsight.io). In research for Home, LandInsight has named the best areas to invest in such conversions (see panel, page 9).

Or scour commercial auctions for light-industrial sites that have only one or two years left on their leases, suggests Richard Adamson, residential auctions partner at Allsop. "Once that comes to an end, you could convert it to housing." Residential auctions are also worth a look for "oven-ready" light-industrial sites with prior approval in place. Adamson expects the first of these to appear early next year.

At an auction three years ago, Mark Scott paid about £40,000 for a B1c car-repair shed in Ramsgate, Kent, with planning permission to become a two-bedroom house. After spending £100,000 on its transformation – adding a first floor and an open-plan living room/kitchen with a glass staircase downstairs – the Sail Loft is now a holiday cottage letting for up to £899 a week (originalcottages.co.uk, ref EK761). Scott, a chartered accountant in his sixties who lives in northwest London, estimates it is worth at least £180,000 and yields about £10,000 a year – and he and his partner get to use it, too.

"It was ideal for a conversion – close to town, close to the harbour and it had some heritage," Scott recalls. Lord Nelson had his cannons repaired on the site, behind the Napoleonic flint wall that now



**Road to success**  
In Ramsgate, Kent, Mark Scott turned a car-repair shed, bought for £40,000, into a successful holiday let

shelters the sunny courtyard. "When you open the bifold doors, you smell the sea."

The Sail Loft was Scott's second property development, after he did up a terrace in Ramsgate as a bigger holiday let. "You need to be there to make it turn out the way you want," says Scott, who did much of the demolition himself. Connecting the utilities to the mains, however, caused long delays.

You don't know what hidden problems a conversion will uncover until you strip

back the building. You may need to improve soundproofing and thermal insulation, for example, as rules for commercial spaces differ from residential. "PD does make the planning easier, but it doesn't make the build any easier," warns Ian Marris, joint head of residential development at Knight Frank estate agency. "The one thing most amateur developers underestimate is cost." To hedge against that, use an experienced team that has worked together before.

**BISHOPS GATE**  
FULHAM | SW6  
AN ADDRESS FOR LIVING

## MARKETING SUITE AND SHOW HOMES NOW OPEN

Set behind carefully restored gatehouses, Bishops Gate is a new focal point for Fulham High Street, with striking architecture combined with beautifully crafted interiors.

A selection of 1, 2, 3 bedroom apartments and 4 bedroom townhouses situated within a private landscaped courtyard, with secure parking and a concierge.

**1, 2 and 3 bedroom apartments from £725,000**  
**4 bedroom townhouses from £2,225,000**

**CONTACT US TO ARRANGE A VIEWING**  
020 7751 3444 | BISHOPSGATESW6.COM

Visit our Marketing Suite: 86 Fulham High Street, London SW6

Computer generated image and photography is indicative only. Prices correct at time of going to press.



£449,000

**DEVON**

Reduced from £475,000, this four-bedroom terrace was converted from part of a grade II listed woollen mill in Harbertonford, three miles from Totnes. Though listed buildings don't qualify for the new permitted development rights, this combination of original beams and steel stanchions with glass balustrades and open-plan living shows how well industrial sites can be converted.

01803 847979, marchandpetit.co.uk

Despite doing this, Homerstone spent £4.8m on his project. That included £1.3m on the build, £2.3m for the site, plus debt, stamp duty and fees. It is now for sale at £5.5m (carterjonas.co.uk). "It's not for beginners – it's for the brave," he says.

His project had given me hope for my paint-stripping workshop dream: it's in the same London borough, in a pocket where old factory sites are dotted between fast-gentrifying homes. But I won't put in a workshop bid just yet.

**HOW TO DO IT**

● The new permitted development rights for light-industrial buildings only allow you to change the internal layout — not the exterior, which can often be grim. "It needs to look like something someone would want to live in," warns Richard Adamson, residential auction partner at Allsop. Check windows and doors are in the right places for a home; you can't add or enlarge them without full planning permission.

● Likewise, the area should not be too industrial, or you'll have no market to sell or let to. Workshops dotted among homes or one-off buildings in urban centres make the best buys. A wide plot gives you "a bigger footprint and scope to create more value", says Grant Lipton, co-founder of the developer Great Marlborough Estates.

● Unlike on residential property, stamp duty on light industrial sites above £925,000 does not soar but stays at 5%.

● To find out what use is in place for the building, check the council's planning website for any previous consents granted. If there are none, establish what it is being physically used for: knock on doors to speak to workers or neighbours, google the address and ask the council who previously paid its business rates.

● Look up ownership on the Land Registry (£3; gov.uk/search-property-information-land-registry).

● Check how much new housing is in the planning pipeline nearby. If there is a glut, the risk of being forced to sell at a discount — even if you don't need planning permission — may be too high.

● "Try to negotiate an option with the landowner before you apply for prior approval," says John Bowman, planning partner at the law firm Field Fisher. Before you commit, do at least a desktop environmental report on the site's contamination and flood risk, which usually costs under £1,000.

● To value the land, work backwards from its end value as a home. Deduct all costs — including contingency — and your desired profit, then pay no more than this sum. "You don't want to get to the end and have been better off investing in a premium bond," Lipton says.

● You could typically borrow up to 65% of the project's end value — including up to 90% of construction costs — from specialist lenders, but only once prior approval or change of use is in place. "Before that, we can only lend on the existing consent," says Ian Thomas, co-founder of Lendinvest.

● Most lenders require you to have development experience, or at least use an experienced contractor. LendInvest offers free one-day courses (developmentacademy.lendinvest.com).

● You are more likely to get financing if you have a business plan with several exit routes, such as selling up or letting and remortgaging on a buy-to-let loan. Find a local broker via the National Association of Commercial Finance Brokers (findsmefinance.co.uk).

● If ceilings are much higher than needed, squeezing in an extra floor "can add considerable value", says Quinton Schonknecht at Cubic Studios, who has a decade's experience of conversions. The minimum allowed is 2.3 metres; allow 30cm extra for floor make-up. "On the flip side, if you are keen on keeping extra height, do it cleverly: entertaining space benefits from this more than a bedroom. If there isn't enough headroom to split the space into two, or the budget doesn't stretch to a complete rejig, try adding a mezzanine level for extra storage or reading nooks."

● Commercial buildings often lack daylight, as many were not designed to offer their workforce a view. "Cleverly placed light wells or a central atrium cut through a building will allow for a natural light channel that will spread the captured daylight more effectively," Schonknecht says.

LAST ONE REMAINING



CBRE (JLL)

DUPLEX / LIVING

Immaculate and spacious two bedroom duplex apartments, situated in a peaceful area of Temple, just off The Strand, within close proximity to both Covent Garden and The City.

SHOW HOME NOW AVAILABLE FOR IMMEDIATE OCCUPATION  
£1,700,000



CBRE  
020 7420 3050  
westend.sales@cbre.com

JLL  
020 7087 5111  
residential@eu.jll.com

aldwychchambers.com  
29 ESSEX STREET, LONDON WC2

TWO DOUBLE BEDROOMS / PRIVATE TERRACE / PRIVATE CINEMA / CONCIERGE (£3) / TEMPLE UNDERGROUND THREE MINUTES

Home Market



Reports of the demise of buy-to-let may have been exaggerated. Yes, it's tougher for landlords, but there's still money to be made. *Martina Lees* reports

# LAST ORDERS?

**B**uy-to-let is dead, or is it? As taxes have risen and rules been tightened, we've seen headline after headline proclaiming that a fifth of property investors plan to sell, that two-thirds feel forced to raise rents, that the heady days of the "dinner-party landlords" are over. But now the most comprehensive analysis of the sector since it was shaken up two years ago shows what is really going on – and The End it is not.

There is no mass exodus, but growth has plummeted, especially in the regions with the greatest shortages of private rented homes, according to the study, by Savills estate agency and the banking trade association UK Finance. "This limits rental supply where demand for housing is greatest," says Lawrence Bowles, associate director for residential research at Savills.

Over the past two years, new buy-to-let (BTL) lending

has halved in London (down 54%) and the southeast (down 48%). But with average first-time buyer deposits of more than £90,000 and £50,000 respectively, these regions are still out of reach for most, Bowles adds. That runs the risk of putting further upward pressure on rents, he says, unless cash buyers and build-to-rent schemes – backed by big investors such as pension funds – plug the gap.

Not far behind, with new BTL lending falling about 40%,

are the southwest and the east. In Norwich, for example, cuts in tax relief on mortgage interest – phased in from last April – led Donna Franklin, 34, an account manager, to sell one of her two BTLs last month.

Her annual profit on the two-bedroom house, bought to fund her retirement, used to be about £500. But the way taxable profit is calculated under the new rules pushed Franklin, who pays 20% tax on her £44,000-a-year income, into the 40% higher-rate tax

bracket. By 2020, when the tax changes take full effect, Franklin says that would have left her £1,200 a year in the red – on top of the risk of big expenses such as a new boiler, and rising interest rates.

"I therefore decided to sell," Franklin says. "I gave my tenant five months' notice; she was gutted." The tenant, a 60-year-old divorcee, has moved "from a large, fully renovated two-bedroom house for £450 a month to a small, dated one-bedroom bungalow for £625 a

month. Due to hardly any new rental properties in that area, she had to take this property at £625 or be homeless."

The mortgage tax changes – stepped up last week to apply to half of landlords' finance costs – were among a raft of measures hitting landlords over the past two years. Since April 2016, 3% extra stamp duty is due on buy-to-let purchases, and last year the Bank of England twice tightened BTL lending rules. Most banks now require rent

**Shevaun Wood has chosen Stoke for her first buy-to-let**

to cover 145% of mortgage payments, up from 125%.

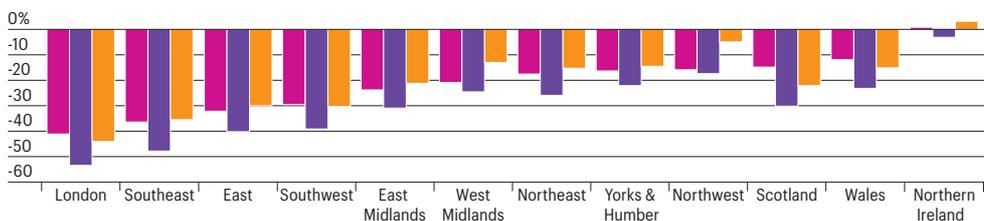
Across Britain, there has been a 36% drop in the number of new BTL loans granted annually, from a post-crunch high of 118,000 in 2015 to 75,000 in 2017, say Savills and UK Finance.

In 2016-17, private renting grew by 164,000 households – in line with the sector's five-year average, according to the English Housing Survey. But build-to-rent, backed by the government in its new national planning policy, is not plugging the 101,000-home gap left by mortgaged buy-to-let: only 5,800 homes were completed last year, report Savills and the British Property Federation. Another 29,000 are under construction and 59,000 in planning.

"The government has been short-sighted," says Rob Bence, co-host of the Property Podcast. "It's easy to target →

REGIONAL CHANGE IN THE NUMBER OF NEW BUY-TO-LET MORTGAGES

◆ 1-year change ◆ 2-year change ◆ 3-year change



Source: UK Finance / Savills Research

PHIL TANKY

# Home Market

→ landlords. But it's created a problem now buy-to-let supply isn't growing fast enough."

Eight of the 10 markets with the biggest falls in new BTL loans over the past two years are in London, topped by Lambeth (-69%) and Bromley (-68%). Outside the capital, Aberdeen (-68%) and Brighton and Hove (-60%) suffered most.

Tax and regulation changes have shifted BTL investment away from the capital, says James Tatch, analytics manager at UK Finance. Because London prices are higher, investors are hit harder by stamp duty and mortgage tax changes, and rents are too low to meet the new lending ratios.

When Graham Davidson, managing director of Seque Property Investment – which has sold more than 5,000 buy-to-lets – exhibited at a show five years ago, "almost without exception, people were saying, 'What have you got in London?'" After the changes were announced, it was, "What have you got that's not in London?"

Lending has been most resilient (though still down) in the north, where lower prices and higher rents mean yields are better. (To calculate gross yields – which excludes mortgage interest, lettings fees

and costs such as repairs – divide the annual rent by the property price and turn the answer into a percentage.) Here are the five strongest markets of the past two years.

## LIVERPOOL

With average gross yields of 7.5%, Liverpool is one of only two cities where the number of new BTL loans has risen: it is up 14%. Prices average £129,000 – still below the pre-crunch peak. "It's got lots of growth left in it," says Davidson, who owns 10 BTLs.

"Where have I done my own personal buying up to this point? Manchester. Where am I buying now? Liverpool." Last year he snapped up two flats in the Alexandra Tower, by Liverpool's northern docks.

Bence also likes the northern docks. Past neglect means prices are low, but regeneration has arrived, with the £5.5bn Liverpool Waters scheme approved and Everton's new stadium proposed at Bramley Moore Dock. "Go for the best stuff, rather than the cheapest." The biggest mistake by out-of-

### THE STRONGEST BTL MARKETS OVER THE PAST TWO YEARS...

Local authority	New BTL loans 2015	New BTL loans 2017	Change	Average property value	Average gross yield
Liverpool	733	834	14%	£128,594	7.5%
Stoke-on-Trent	494	509	3%	£101,833	7.2%
Sandwell	505	488	-3%	£144,553	6.2%
Peterborough	519	476	-8%	£173,444	6.1%
Wigan	443	402	-9%	£109,272	7.1%

### ...AND THE WEAKEST

Local authority	New BTL loans 2015	New BTL loans 2017	Change	Average property value	Average gross yield
Lambeth	683	214	-69%	£580,010	4.4%
Bromley	719	227	-68%	£448,522	4.4%
Aberdeen City	490	156	-68%	£157,071	5.8%
Lewisham	777	262	-66%	£458,850	4.6%
Waltham Forest	546	197	-64%	£485,383	4.7%

Source: UK Finance/Savills (districts with at least 400 new mortgages in 2015)



## Places, People and Property with Strutt & Parker

With dramatic landscapes and stunning coastlines, East Anglia remains a popular destination for families moving from London to the country, second homeowners looking to take advantage of some of the most beautiful coastal hotspots, or those looking for the culture and lifestyle that Cambridge or Norwich city centres can offer.

Our region remains a place of rich culture, buzzing with literary, art and music festivals, including both RIZE and Latitude. Desirable coastal towns and villages such as Southwold, home to the Adnams Brewery, Aldeburgh, which hosts the annual Aldeburgh Festival of Music and Blakeney – particularly popular with families for its annual regatta in August, attract those looking for a gentler pace of life, alongside superb communities and scenery. For families, there are a substantial selection of well-regarded schools, superb transport links to London by both road and rail, as well as London City and Stanstead airports, which are both easily accessible.

The wide diversity of property types across our region is attractive to buyers seeking to relocate to East Anglia and, with a range of charming period cottages, handsome city townhouses and Georgian rectories with land available, there really is something for everyone!

If you are looking to buy or sell in East Anglia, our agents would be delighted to help, and with four offices across the region, we are on hand to do so. This week, we have selected our favourite properties currently for sale in the region. For more details on these properties visit [struttandparker.com/times](http://struttandparker.com/times)



by Hannah Cooper  
Head of Suffolk Office  
01473 857713  
hannah.cooper@struttandparker.com



National  
Open House Day  
12th May

Strutt & Parker is a trading style of BNP Paribas Real Estate Advisory & Property Management UK Limited, which provides a full range of services across the residential, commercial and the rural property sectors.



THIS WEEK

# East Anglia

For more properties visit our website [struttandparker.com](http://struttandparker.com)

North Norfolk Coast, Cley

**Yield of dreams  
Liverpool, left,  
and Stoke-on-  
Trent, below,  
top the table for  
buy-to-let growth**

town investors is to plump for cheapest, Bence adds, "but cheap doesn't mean it's good".

He also suggests newish one- or two-bedroom flats in the trendy Baltic Triangle, or – for those who prefer to play it safe – houses or flats in the elegant Georgian Quarter.

**STOKE-ON-TRENT**

The Potteries city comes second in the table of BTL growth, up 3%, and with 7.2% gross yields. Shevaun Wood, 31, founder of the catering and events firm Fat Peach

(fatpeach.co.uk), is hunting here for her first BTL, despite living near Gerrards Cross, Buckinghamshire. "I looked at doing it close to me, but yields are too low. You can get more for your money up north – and Stoke stood out because there's so much regeneration."

"This is the most southerly northern city that hasn't been 'done' yet," says Bill Rockett, of the local agency Rockett Home Rentals. "You've missed the boat in Manchester, Birmingham, Liverpool. Stoke seems to be the next big thing."

Eight large cities and four airports are within an hour; the M6 is being turned into a four-lane smart motorway; and Wedgwood has been rescued and sold to the Finnish brand Fiskars. Now the council is bidding for Stoke to become Channel 4's answer to the BBC's MediaCityUK in Salford, plus an offsite construction hub for Heathrow's expansion.

Invest in three- or four-bedroom family houses near good schools – not new-build flats or student developments, which have mushroomed, Rockett says. He recommends May Bank and Wolstanton, or Hartshill and Penkhull. A three-bedroom semi would cost from £130,000 and let for £700-£900 a month.

Yet Bence warns: "I feel there are places that will do better for capital growth."

**SANDWELL**

Priced out of Birmingham's centre, more tenants have been looking in the district around West Bromwich, northwest of the city, says Karen Trace, lettings area director at Connells estate agency. New lending to investors has dropped only 3% here in the past two years.

Opt for a three-bedroom semi – from £135,000, letting for £700 – in the Hill Top area, with quick links to the M5 and M6, Trace suggests. Or pick a new-build flat near the metro station in the town centre, for £80,000-£100,000 with rents of about £500. Yields in Sandwell average 6.2%.

**PETERBOROUGH**

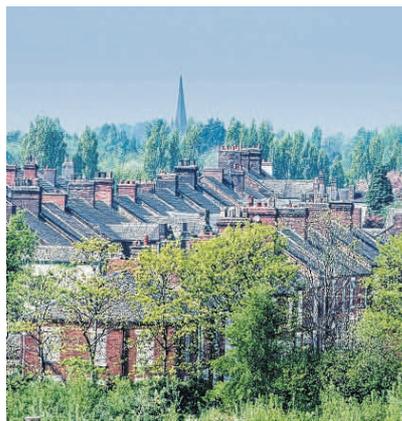
Thanks to 50-minute train links with London and Cambridge, rents in Peterborough have shot up by about £75 a month over the past two years, says Tasmin Hunt, lettings manager at William H Brown estate agency. There are plans for a new station in Hampton, south of the cathedral city, and the A1(M) to London is being upgraded.

Past investors have flocked to Fletton and Woodston, closest to the southbound motorway, where a two-bedroom terrace costs about £140,000 and lets for £750. But Bretton, where £125,000 buys a three-bedroom house with similar rents, is becoming more popular for buy-to-let, Hunt says. Yields average 6.1%.

**WIGAN**

"I'm a fan of Wigan," Bence says. Twenty miles from both Manchester and Liverpool, "it's up for an HS2 station, which seems to be overlooked". Trains will link to Birmingham in 35min and London in 1hr 23min. About £80,000 buys you a two-bedroom terrace that lets for £450 a month. With 7.1% yields, buy-to-let lending has dipped only 9% since 2015.

Ella Bristow, managing director of Sapphire Homes, has noticed an increase in landlords who, priced out of Manchester, convert family homes in Wigan into shared houses in multiple occupation (HMOs). Locals are getting up in arms about this: instead, keep it as a whole house, as families tend to stay longer – minimising costly empty periods. Move fast, though, Bristow adds. "Property is selling quicker than a year ago."



£133,250

**LIVERPOOL**

A new one-bedroom flat in this Baltic Triangle block, 10 minutes' walk from the Liverpool One mall, would let for £775 a month. **0800 011 2277, sequire.co.uk**



£78,000

**WIGAN**

Near shops on Atherton Road, this two-bedroom terraced house is ready to let for £450 a month without any works. **01942 494944, sapphirehomes.co.uk**



**60**  
60 offices across England and Scotland, including Prime Central London

exclusive affiliate of  
**CHRISTIE'S**  
INTERNATIONAL REAL ESTATE



Sales Agency of the  
Year 2016 & 2017

**STRUTT & PARKER**



Guide price £1,200,000

**GARVESTONE, NORFOLK**  
A charming Victorian rectory, 15 miles from the centre of Norwich, sitting centrally in its grounds. Norwich office 01603 859266



Guide price: £849,995

**BASSINGBOURN, CAMBRIDGESHIRE**  
A substantial and very well-presented contemporary family home. Cambridge office 01223 859745



Guide price £1,600,000

**CHELMSFORD, ESSEX**  
A beautifully presented Grade II Listed family home. Chelmsford office 01245 808726



Guide price £845,000

**THETFORD, NORFOLK**  
A substantial and attractive country house extending to around 5,000 sq ft. Norwich office 01603 859266



Guide price £1,150,000

**LAXFIELD, SUFFOLK**  
A Grade II Listed converted barn offering impressive accommodation, set within 11 acres. Suffolk office 01473 857713



Guide price £1,900,000

**FYFIELD, ESSEX**  
An impressive Grade II Listed property with swimming pool and self-contained annexe. Chelmsford office 01245 808726



Offers in excess of £1,000,000

**BENHALL, SUFFOLK**  
A beautiful period property sitting within 5.7 acres of formal gardens and woodland. Suffolk office 01473 857713



Guide price £1,695,000

**STEEPLE MORDEN, CAMBRIDGESHIRE**  
A magnificent contemporary home set in around 1 acre of gardens with wonderful views. Cambridge office 01223 859745