

# Who dares wins

Realistic house prices mean young Londoners can once again profit from their enterprising ideas, says **Ruth Bloomfield**

**A**LTHOUGH we're in a property recession, there's still money to be made. In fact, some would say there's even more profit to be had in these hard times. A group of daring young Londoners, who live by the philosophy "he who dares wins", are leading the way.

Just as Britain toppled into recession, Shaun Counihan quit his well-paid job in IT to try his hand as a full-time property developer. He had been dabbling in property development as well as

working full-time when the market was strong, so had been able to put aside some cash to help finance the venture.

"I know it would seem as though it was just the worst possible time but I don't think about doom and gloom," he says. "Although my career was taking off I just couldn't take it any more and I felt I had to get out and do something else."

So far Counihan's optimism has paid off. He and a friend, who put up half the money for the project, are just signing on the sale of a property in Earlsfield, south-west London, which they bought at auction. When the sale is complete, they will walk away with £60,000 in profit.

They bought the run-down two-bedroom flat in October for £232,000 and spent about £30,000 renovating it with a small team of workmen. They

**'We source at auction, and that is where the discount comes in'**

are due to complete the sale next month for £320,000 and are already negotiating for their next purchase.

Counihan, who also lives in Earlsfield, believes the key to successful developing in a recession is taking advantage of the depressed market to secure a bargain, and knowing the area you are buying in.

"We source at auction, and that is where the discount comes in," he says. "Once again I will be looking at something I can buy for 30 to 35 per



Shaun Counihan (right) and his friend, Richard Watt, bought a run-down two-bedroom flat in Earlsfield for £232,000, spent £30,000 renovating it, and are selling it for £320,000. They'll come out of it with a £60,000 profit

cent below market value. I want something a bit rundown so there is room to add value."

Counihan monitors the costs of the project closely, makes sure he gets workmen at the right price, and project manages the work himself. "It is definitely a tougher market than it was — last year I could have sold the flat for £390,000. And you can't rely on capital growth for your profit, you have to make it when you buy. But it is still possible to make money on property."

Stuart Collins, the director of Marble Hill Consultants, agrees. He works on a bigger scale, with greater investment capital than Counihan, and agrees that there is still profit to be made. He is just celebrating making a £150,000 cash profit on a development in East Sheen.

He bought a three-bedroom split-level flat in Colston Road at auction for £320,000, then approached the owner of the neighbouring property, who sold up for £430,000. Having invested £750,000 he then spent £300,000 — including interest and legal costs — on converting the properties into four two-bedroom flats and two one-bedroom flats.

All four two-bedroom flats have now been sold for £300,000 each, leaving him with a profit of £150,000. And he has kept the two one-bedroom flats, which he rents out at £875 a month.

He goes for the popular middle-class suburbs. "It is in the wealthy suburbs that you still find the buyers," he says. "When I do flats we use top-end materials and put in granite worktops and solid oak floors. Those little extras really do help to

**'The recession is getting rid of developers who don't want the risk, so there's less competition'**

close the deal. It can be a few thousand more to spend but when you are competing against so many other properties it really does help to get the spec right."

He adds that it is essential, when you come to sell the property, to have good agents. "So many just aren't trying any more," he says. "They are snoozing, just defeated."

Collins believes that the recession is a potential goldmine for clever investors. "You need to go in with some tough bargaining when you buy a property and get as much off the asking price as possible. If a house does not sell at auction because it has not reached its reserve, you can always approach the seller and make an offer."

"Being a developer is a risky business, and the recession is getting rid of a lot of potential developers who are not prepared to take risks at the moment. This means there is a lot less competition for sites. Another important point is that builders are dying for work and pricing their labour more reasonably."

Ned El-Imad, who heads the residential property department at law firm Mishcon de Reya,



£410,000: a two-bedroom flat in Park Hill, Clapham. Call Kinleigh Folkard & Hayward on 020 8675 5436

is doing a lot of deals for small developers. "There are people still making money from property — arguably more so this year than in the past few years — because there are so many opportunities," he says.

"If the market continues to fall that's good for developers. All it really means is that there is more availability of good properties."

El-Imad says London is seeing an influx of wealthy overseas buyers keen to take advantage of the weak pound and happy to buy off small developers. "They are already getting the advantage because of the weak pound, and the low house prices are a double whammy, so they don't mind paying a bit more for a property that a developer has converted for them. They don't want to do it up, they just want to invest in it."

"At the top end of the market I am doing a deal this afternoon for a refurbished flat, which is being sold for £15 million to a Kazakhstani cash buyer. The owner bought it for somewhere in the region of £10 million and spent a couple of million on it but he is still making a good profit. It was on last year for £19 million, so it's not quite as good as he had hoped but it is still a good profit."

## Money Makeover

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£275,000: a one-bedroom apartment in The Shrubbery, Clapham. Call Douglas & Gordon on 020 7924 2000

## Mortgages: best buys

### Discounted Variables

Lender	Contact	Rate	Period	Max LTV	Fee
Market					
Harborough BS	01858 412250	3.95%	2 years	75%	£500
Mansfield BS	01623 676345	4.29%	2 years	75%	£599
The Co-operative Bank	0800 028 8288	4.14%	31/03/12	75%	£995
Bath BS	01225 475702	4.49%	3 years	80%	0.40%
Monmouthshire BS	01633 844418	4.50%	5 years	80%	£299
Melton Mowbray BS	01664 414141	4.24%	Term	75%	£695

### Trackers

Lender	Contact	Rate	Period	Max LTV	Fee
NatWest Mortgage Services	0800 587 6599	3.74%	31/03/11	75%	£999
Marsden BS	0800 801645	3.79%	28/02/11	75%	£649
The Co-operative Bank	0800 633 5286	4.49%	30/04/12	75%	-
First Direct	0845 610 0100	3.39%	Term	80%	£799
HSBC	0800 494999	3.45%	Term	60%	£799
Derbyshire BS	0800 085 2020	4.99%	Term	80%	£999

Source: [moneyfacts.co.uk](http://moneyfacts.co.uk)  
helping you make better financial decisions

FIGURES COMPILED ON: 5 February 2009

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