

Commercial



Property
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OF PROPERTY
INVESTING

Commercial

Commercial property is anything that is not a residential dwelling, so this is anything you might find on your typical high street: things like shops, pubs, clubs or something a bit quirkier, for example churches.

Think about your average town centre location and what sort of things might be closing down at the moment under some sort of financial pressure and therefore which might be suitable for conversion. You want to think about warehouses, garages, offices and other buildings that can be converted.

Why do we think it's a good time to look at commercial property as a strategy? Well, have a think about what's happening in the world of retail, particularly at the moment. A typical high street with lots of changes going on, the big shift to online, so your traditional high street is changing and morphing into something else.

Therefore, we want to look for some of those opportunities where we can repurpose some of these units that were retail outlets and turn them back into residential.

Whilst some people might say that it's sad that the retail space is closing on your average high street, it does give these areas the opportunity to reinvent themselves and particularly now as we see a move from commercial to residential. It's also an opportunity for some of the commercial space to perhaps be changed and adapted, so it's better suited for today's needs.

In the world of commercial property, we're finding that at the moment the government are behind this type of activity, as they don't want to see high streets go to ruin either. They are actually quite supportive of changes to the high street, particularly when it comes to turning things like offices into residential, or empty retail units back into residential. As a result, they've actually relaxed a lot of the permitted development rights around these kinds of development, meaning that you can go ahead and develop in certain areas. You can also develop offices or empty retail units back into residential without the need for planning permission.



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Another reason that we like to focus on commercial property is that we tend to be looking at some of the quirkiest deals, so this is the type of investment that your average buy-to-let investor (the amateurs), won't be looking at. The great thing about working with the agents is that they become your partner. They work with you because they need to find creative solutions to try and get these properties sold.

With commercial property, there's a lot more variety and that makes it much more interesting for the investor. With buy-to-let it's fairly standard the type of thing we're looking at, but when it comes to commercial there's a whole world of opportunity, so we can be looking at spaces like pubs, working men's clubs, churches and other bits of land that can make things a little bit more interesting for us.

As well as residential conversions, you also have the option at looking at commercial space and repurposing it. So, for instance can we take an existing office that's perhaps tired, has no tenants in it and is perhaps unsuitable for today's market? Could we take one big office and perhaps chop it up into smaller units so it's suitable for smaller businesses or flexible working opportunities?

Other things like warehouses which are quite hard to let in this current climate are a good opportunity as you can apply a bit of strategy by chopping those warehouses down into smaller units to take advantage of the e-commerce space.

By doing this, you can attract a lot of single operators who are looking for smaller units where they can run their e-commerce business from. You may find with commercial property that it's probably not always going to be your first deal. This is because lenders in this market do really look for a bit of experience a bit of track record, but this is something you can aspire to.

The great thing with commercial is you can be really creative with your funding options, so firstly you can look at things like using your pension to buy commercial property. You can also look at controlling properties using something called an option where you can have control of a property for as little as a pound.

An example of just that strategy is a purchase bought recently - an antique shop which is currently being converted into a 12-bedroom 12- bathroom HMO. The property was controlled for £2,000 pounds on an option, whilst planning was secured. During that period, own money wasn't used in the deal, just £2,000 pounds and once planning was secured the deal could be proceeded with and then executed.



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When it comes to commercial property it's really (really!) essential that you do understand and know what you're doing. Therefore, it's vital that you have a really strong team in place and that you have a really clear plan for what you're intending to do with the property. It's really important that you know how you're going to finance a deal as far too often people bite off more than they can chew and then realize they don't have the experience to actually execute on the deal.



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