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# PROPERTY REFURBISHMENT INVESTMENTS: ARE THEY REALLY WORTH THE EFFORT?

INVESTING IN PROPERTY TO REFURBISH AND SELL IS OFTEN SEEN AS HARD WORK WITH NO GUARANTEED REWARD. EMILE FONDERSON LOOKS AT WAYS IN WHICH POTENTIAL INVESTORS CAN SEE RETURNS WITHOUT BREAKING A SWEAT

**B**uy a property. Do it up. Sell it on for profit. Sounds easy, doesn't it? So easy, in fact, that every day I seem to see another

TV programme with someone else looking to put the theory into practice. But the fact that these shows are on so often should speak for itself. It makes good television because it's very rare that the process runs smoothly. Quite often, it all ends in tears.

Seeing returns from your investment in refurbishing and selling a property has often meant some hard graft. Initially, sourcing the right property can be a nightmare. Planning the remodelling and modifications while finding the companies to carry them out can be just as taxing. The list continues as you then have to oversee the work and make sure the job is up to scratch, finished in the right time frame, and then the job of finding a buyer has only just started.

The time and resources that all this requires can often lead to a harrowing experience, even to the point where an investor can find themselves struggling to break even. Yet with property prices still rising – particularly at the high end of the market – the opportunity is most definitely there for money to be made. If you go about it the right way.

## VALUABLE RETURNS

Property investments don't always have to be riddled with complications

and uncertainty. The buy, refurbish and resell services that companies are starting to offer make seeing returns on your investment a relatively painless experience.

To make the whole process as quick and easy as possible, most companies have pulled it apart with separate teams dedicated to separate parts of the transaction. It allows them to capitalise quickly on opportunities, get the property at a discount price and make sure that mortgage conditions are the best ones possible.

Once the property's been snapped up, it's over to the team of structural engineers, architects, designers and builders to prepare a complete refurbishment and furnishing programme. The sales and marketing team will then take it from there to prepare everything that's needed for the launch of the refurbished property back onto the market.

## MARKETING THE PROPERTY

Of course, the last bit is probably the most important part of the whole process. You need to look for approaches to the marketing of the property that stand out from the rest. FE Samuels, for example, has a distinctive angle, offering elements of a lifestyle package to include with the property. Perks such as fractional ownership of a private jet or exclusive use of a chauffeur-driven limousine for a

year are bound to make sure that the property doesn't hang around on the market for long.

So what returns can you expect to see? All services will differ, but some are offering a guaranteed return of up to 15% per year. So with a minimum investment period of 18 months, you could be looking at an overall return of 22.5%. The guarantees that companies offer come from agreements set up with property investment funds. So if for any reason a suitable buyer isn't found, they'll step in and purchase the property.


The speed at which these high-end investments turn around is quite astounding. Take, for example, one of our clients who was prepared to invest £2 million to get a return of 15%. A property was found, and a tailor-made investment programme was drawn up and presented to the client within a week. The property was refurbished, furnished, and then rented out for a few months. This paid off any interest on the mortgage along with the very modest matter of our fees. The property hit the market, and was sold within six weeks. The result: a return of over 15% within ten and a half months.

## SECURE INVESTMENT

Getting the maximum return means keeping all parts of the transaction as water-tight as

possible. Considering the amount of money being invested, it makes sense that part of the service includes the creation of Special Purpose Vehicles (SPV) off shore, administered on behalf of the investor by independent third parties administrators, to acquire and hold the property. Aside from the fiscal advantages, the investment is therefore secured at all times against the underlying property asset. In addition, by using professional company administrators, the overall progress and disbursement of funds can be closely monitored and controlled throughout the refurbishment life cycle, thus affording a high degree of comfort and transparency to the investor.

## HASSLE FREE

It is possible, then, for a buy, refurbish and sell investment to work out for the best. Hitting the highest end of the market can lead to a quick, guaranteed return. And all this with a minimum of stress to you. It would make for boring viewing on the box, but nobody wants too much drama where their investments are concerned. 

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## CASE STUDY

### THE CLIENT BRIEF

Mr and Mrs C were looking to acquire a freehold house in central London with a prestigious W2 postcode. FE Samuels sourced a large 7-bedroom property, spanning four floors totalling 4,400 square feet.

### ADDING VALUE

FE Samuels successfully negotiated a reduced purchase price of £2.2 million. Over a 10-month period, FE Samuels conceived and project-managed £685,000 worth of renovations and refurbishments. "Working with our team of contractors, we completely

revised the layout of the property, allowing for more lavish and opulent entertaining space across two floors. By paying special attention to detail, we were also able to carve out living areas more conducive to our client's lifestyle, resulting in a suitably stunning home at the higher end of the property market."

### A PROFITABLE RESULT

Upon completion of the work, independent valuations were obtained, ranging from £3.52 million to £3.74 million, equating to a potential equity of £885,000 in a 40-week period.