

CASE STUDY



Flipping marvellous

Neil Cumins recounts the story of **Nellie McQuinn**'s remarkable path to success in the world of property flips, thanks to a vandalism complaint and a copy of The Property Hub Magazine.



When Nellie McQuinn purchased her first buy-to-let property in East London in 2016, she had no idea she'd eventually end up refurbishing and flipping two other flats in the same Walthamstow building. Yet this successful young developer now has a portfolio of investment properties, and was even a winner in last December's Property Investors Awards.

All in the family

Nellie's journey into investing and developing was inspired by the amateur property exploits of her mum and gran: "My mum and I would always watch property shows together, and go to open house days to spy on the neighbourhood homes." When her grandparents passed away, the sale of their home gave Nellie a nest egg – with one stipulation: "It had to be invested in property."

With the proceeds from the sale of her grandparents' home, Nellie bought a small flat in north London, where she lived for several years. "Because the property was unencumbered, I was able to release some equity to put a deposit down on a small buy-to-let property in Walthamstow in 2016." Property 165, the name of her new business, was inspired by the family home that gave Nellie her nest egg. Having spent all her savings, Nellie wasn't earning enough to save up for another deposit, and she hardly spared another thought for her first foray into investing – until the poor condition of two other flats in the building spurred her to action.

Neighbourly concerns

Nellie's new buy-to-let property was situated on Walthamstow's bustling Hoe Street, sharing a building with a pair of rather unloved-looking flats. Indeed, one had "Section 6" scrawled on its front door, which prompted Nellie to complain to the management company. They referred her to the flat's owner, who turned out to be the same vendor from whom she'd purchased her own property.

In an email to the owner of the two derelict flats, Nellie mentioned her recent purchase from him. When he responded a few weeks later, he expressed a desire to sell his remaining two flats in the building, but said he didn't want to put them on the open market. With no additional equity available, Nellie politely declined his invitation to buy both flats off-market. "I had no idea you could buy property in any other way than the traditional way," she admits.

Shortly thereafter, an article in *The Property Hub Magazine* by guest columnist Kevin Wright convinced Nellie that short-term finance could work for her. She decided to give it a go: "I contacted the vendor to see if the offer was still on the table. Luckily for me, it was!"

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The Wright stuff

Nellie followed up with Kevin to clarify her understanding of bridging finance: "I asked a lot of questions, and he was very forthcoming and generous with his guidance." Negotiating directly with the vendor, Nellie ran her offer past Kevin, whose feedback confirmed its feasibility before she emailed it to the seller. "He was a fantastic sounding board, and he supported me throughout the process," she acknowledges.

When her bridging finance unexpectedly fell through, Nellie hastily negotiated an ingenious joint-venture quid pro quo arrangement of an interest-free loan in return for helping source and manage her investor's own property refurbishment. The Walthamstow vendor had no particular asking price in mind, and a sum of £310,000 was agreed for both flats. Nellie's only additional expense was keeping up with the previous owner's mortgage and utility bills between exchange and completion of the deal.

Quick flips

Remarkably, in spite of having to completely gut the kitchens and bathrooms, and take both flats back to almost a shell, Nellie managed to get the properties ready to market between exchanging on them in October 2016 and completing in December. "All the walls were skimmed, and both of the flats also required a partial rewire," she adds. With completely new kitchens and bathrooms, as well as "new flooring, painting, fittings and fixtures," both flats immediately went onto the market, and sold within months.

Despite the inevitable ups and downs, the flats turned out exactly as Nellie had originally envisaged: "I love visualising how the end product will look, so what you see in the pictures is exactly how I imagined they would look when we started." Both properties were given crisp white colour palettes and recessed ceiling spotlights, and one was remodelled to share the lounge's natural light with a kitchen that would otherwise have been internal.

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Living room before.



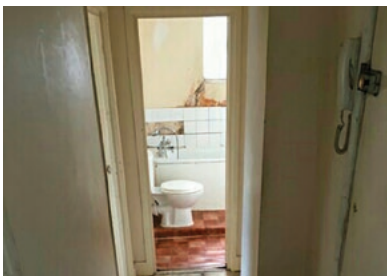
Living room after.



Kitchen before.



Kitchen after.



Bathroom before.



Bathroom after.

The final word

That first deal proved as instructive as it was lucrative, and helped launch Nellie's property career. "If I hadn't trusted myself and taken that leap of faith, I wouldn't be where I am today," she says.

Now with six investment properties in her portfolio, Nellie says relying on her gut seems to have served her well: "My first flip was an immensely successful project, but on paper, I shouldn't have been the one to do it," she admits. "I had no prior experience of any type, it was a complicated deal, and I was very busy. But I trusted my instinct and went for it."

Nellie now plans to shift her focus to commercial conversions: "That's where I see the company moving long term, and that's my biggest goal now."

If you have an interesting property case study (good or bad!), we'd love to feature your story. Email us with some information and photos, and we'll get right back to you:
hello@thepropertyhub.net

WALTHAMSTOW FLATS FINANCIAL SUMMARY

Flat B:

Purchase price (including bills during hold): £156,431

Refurbishment cost: £16,364

SDLT/purchase/sale fees: £11,288

Selling price in August 2017: £246,000

Net profit before tax: £61,917

Flat D:

Purchase price (including bills during hold): £156,431

Refurbishment cost: £16,364

SDLT/purchase/sale fees: £11,606

Selling price in May 2017: £272,500

Net profit before tax: £88,099

Total spend: £368,484

Total selling price: £518,500

Total pre-tax profit: £150,016