

Linda Barker  Gary McCausland  Charlie Dimmock  Sofie Allsopp

PART OF THE ANGELS SERIES

Home Angels

MAGAZINE

HOME ISSUE

HOW TO
MAKE MONEY
IN ANY PROPERTY MARKET

Sofie Allsopp talks
location, location, location

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Gary's vision

developing homes with heart

With a reputation and career built on risk, rewards and success, property developer Gary McCausland is perfectly placed to judge the current market. He shares his thoughts on developing, tabloid stories and flying sausages

WORDS BY FIONA SHIELD PHOTOGRAPHS BY MARK BADER STYLING BY RICHARD EVANS

How did you get into property developing? What motivated you?

I grew up on a council estate in Northern Ireland and I was always fascinated by how anyone could actually own their own home – no one where we lived owned their homes, they all rented them. So I decided to go into property and went for work experience at an architect's practice. One day this guy in a Porsche drove up, he was one of the clients, and he was so cool and relaxed. He was saying: 'I want it to look like this, with this many units, this is what I want to achieve and I want this type of landscaping'. And he really inspired me, so I found out who he was – the property developer – and then I realised that's where I wanted to go. It was plain to me that he was the guy that made things happen. So I changed my strategy from architecture to property developing and applied for a course at the University of Ulster in Estate Management.

When I finished, in the early Nineties, the property market had totally crashed, so I did a postgraduate in accountancy, and was offered a job as an accountant at a sausage factory. It was absolute agony – having sausages fired at me and all sorts – but it pushed me to move on to bigger and better things at Cable and Wireless. After six fantastic years working in their property department, a rise up the ranks and a move to London with them I got headhunted by MCI world.com to manage their international property portfolio. I was in the telecoms boom and bought and sold properties all over the world, but I kept hitting glass ceilings, so I decided to move on from the corporate world and fulfil my ambition of starting my own company.

How did you go about setting up the Richland Group?

I lived in Richmond at the time and my surname's McCausland, so I took 'Rich' and 'land' and set up my own company, with not a lot of money. I started doing up one-bedroom flats, stripping the woodchip off the walls myself. I lived in the apartments as I built on them, because as long as you live in them as a prime residence you don't have to pay tax – that's a big loophole in English law. I hadn't actually left my job at this point but did this work in tandem. I'd convert one-beds into two-beds and all of a sudden I could sell it on the two-bedroom market. I made a lot of money very quickly.

But my ambition was always to build a huge company, so anytime I ever did something I always bet on the next project and I was diving around Richmond one day and I saw this really old dilapidated house,

so I knocked on the door and this old guy named Mr Wright answered. It gives me goosebumps now just thinking about it. I just said to him, 'Look, know this sounds a bit random but will you sell your house to me? He had lovely flat that he'd kept really beautifully but he had let the rest go to ruin and ruin.

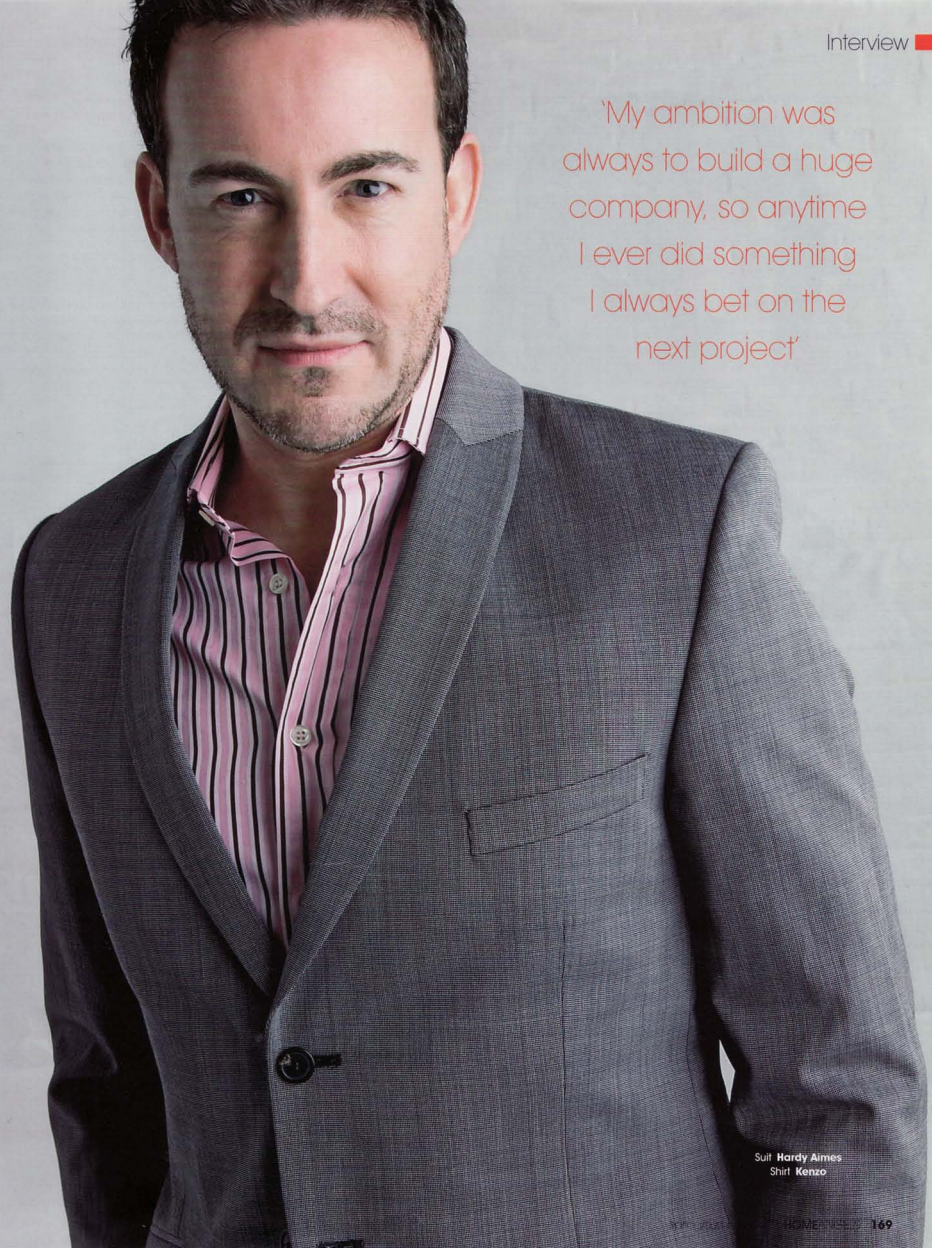
He said: 'You know what, I'm 84, I don't really have much money, I want to sell it and I really like you'. I spoke to a few estate agents and offered him a fair price and he goes: 'Ok, it's yours, I'll never spend that with the time I've got left'. He taught me a really good lesson, he said: 'I always like to leave something on the table for someone else'. I've never heard or seen anything from him ever again. I wouldn't be where I am today if wasn't for Mr Wright.

Once I'd made this deal I could see there was a really big profit to be made but I didn't have the money ready to pay him. I went to the bank but every one said no. I knew I could turn it into six apartments for a large profit so I ended up partnering with a builder who agreed to go 50/50. Unfortunately he was my Mr Wong because the project took twice as long and cost twice as much, although we still made a £600,000 profit.

After that, things were going well, but then I totally screwed up. These rich guys from South Africa came along and said they wanted to join me. So I went: 'Great!' I was thinking luxury houses, swimming pools, flat screen TVs, but it turned out to be an absolute nightmare. The people who sold me the sites had got valuations from estate agents they own and my partners headed back down to South Africa and left me to do all the work. Also, the site and the location ended up not being the best. I got my market wrong, building in places where people don't really want to live in luxury housing. I literally broke every rule in my book. In a way, I could have finished me, but I dug in deep and came up with a strategy to get out of there.

Ironically in the end, I did manage to make a small profit but it soaked up all my capital so quickly, which really scared me. I learnt so many lessons and had so many sleepless nights over that. I was getting arrogant and cocky but those two years really made a property developer of me. Since then I've developed a site in Clapham with a new partner – because property is so capital intensive you need someone else to be involved – and we've increased the profit to more than £6m. That was my first big scheme and I'm really proud of it. I've got a few projects and joint ventures on the go now, including one with Duncan Bannatyne.

'My ambition was always to build a huge company, so anytime I ever did something I always bet on the next project'



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Shirt Kenzo



Suit Tommy Hilliger
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Watch GC by Guess
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Your first foray into television was as the presenter of *How to be a Property Developer*. Were you looking to get into the media?

I got a phone call from Channel Five, asking if I was interested in presenting a TV show, *How to be a Property Developer*, but I was too busy. Anyway they kept ringing and eventually came round with cameras, and after a few castings they offered me the job. I ended up doing three series, with a couple of million viewers, and it's been shown in 19 countries across the world. Then I did *Property Developing Abroad*, which was a 10-part series and at the minute I'm doing a show with Discovery. The media side is a really important part of where I'm going but property will always be my core business. I do get a lot of random people coming to me because of the television programmes. It's really weird when someone you don't know, a total stranger, comes up to you with body language like they know you. It takes a bit of getting used to.

On all your shows you give advice, do you enjoy helping amateur developers?

Yes, that's why I'm doing this magazine and why I did my book *How To Make a Million From Property*. I wanted to give something back, so I've tried to show people all the pitfalls, the problems and the great success you can have if you get it right. Very importantly I love helping people, for me money is way down my value list. My family, friends, my daughter, and my health are more important to me than money will ever be.

What about the other side of the media coverage – the tabloid stories and the gossip. How do you deal with that?

There's been a bit of negative stuff. I had a relationship with *Big Brother* contestant Orlaith (McAllister) and we had a baby, Eva, who I totally adore. She is my hero in life. I'm really good friends with Orlaith and our number one focus is being good parents to Eva. After she was born, it brought challenges and big lifestyle changes for both of us and it caused a couple of things that were blown out of all proportion to happen. There was a negative backlash, especially back home in Northern Ireland. My mum took it really bad, but it's absolute nonsense really; the tabloid media's main focus is negative stories. One of the articles said: 'Z list McCausland', and I was really happy. I didn't think I was on the list!

If people tell lies about you in the media it's very hard to get at them. You can either start legal action, which is really difficult and expensive, or you can do as Madonna says – 'don't explain, don't complain'. That's what I did and it all died out really fast. My publicist put it in perspective for me, because no matter what it is it's really no big deal and in a couple of days will be old news. I don't care about me, but I always care about my Mam and my family, we're from a small town and it's big news back there. There's really a double-edged sword to being successful, you've got to take the rough with the smooth.

What about behind the scenes, did you re-develop your own house?

My home is really beautiful, five bedrooms, and five bathrooms on the River Thames and I've made it into my dream home. It was a brand new house that I didn't have to do anything to, just move furniture! I absolutely love it. In terms of material things, I've got everything I could possibly want, and more.

What advice would you give to people starting out as a developer in the current housing conditions?

You can still make money but you have to be careful. Remember the fundamentals. It's a bit more risky now as property prices aren't going up, in fact in many parts of the

country they're falling. Leeds, Manchester and Birmingham prices, for example, are starting to fall because there's an oversupply of apartments. The market right now is really, really tricky. It's much more difficult for so many more reasons. There are five key factors you have to focus on and they are the crux of every property deal.

The first one is price; in property you make your money when you buy, not when you sell. You've got to get a bargain at the right price, which I say is 20 per cent below market, unless you can add huge amounts of value later. You look for motivated sellers, and the more motivated the seller the better chance you have at getting a bargain. A motivated seller like Mr Wright for example, wanted money. He wanted to retire to the country to live the rest of his years and have money to leave his family. Unfortunately a lot of motivated people are hard luck stories, desperate to sell. But someone has got to buy it, so it might as well be you. I've never screwed people on price because I believe in karma. I like to do things on a win/win basis; that is incredibly important.

The second most important thing is location. When people talk about location they really haven't a clue. It's not the best parts of town where everything sells for the most that's the best option, those areas are already up there and its very hard to eke out a profit. One of my tips is to look for lots of skips – that's where people are moving and refurbishing.

The third thing is money. There are two sides, the macro market and the micro market. I call it the sea; the macro market is the boat on that sea, lifted up and down with the tide of the macro market. The macro market is important, but the micro is even more important and that is who's actually going to buy on your street. That determines what you do with your property and how you market it. The boat that sits on the big market is really important and if you get that boat right it can outlive any storm on the big market.

The next thing is adding value. You want to constantly add value and never rely on a market to go up. Get planning permission, as you've heard from my stories, this is very powerful and you can make a lot of money.

Finally, timing is crucial. In property time really is money. You've got to get in and out, get it rented or sold, quickly and efficiently. My book's a good place to start too, I wrote it in detail knowing there were clouds on the property horizon.

Is there anything you wish you'd known at the beginning?

The biggest tip is to tick those five boxes. Every single deal I do, no matter how big, is based on those five boxes. I'm giving tips no one's ever heard of before because I live and breathe property on a daily basis. I challenge anyone to try and catch me out on a property question, I'm a chartered surveyor, virtually a chartered accountant and I've 20 years' experience in this game now. I've been at the very bottom and at the very top.

Are there are any pitfalls that readers should be aware of?

The biggest pitfall is letting your budget get out of control and not understanding finance and cash flow. People wearing rose tinted glasses and getting emotional about properties is a big killer. Developing is hugely emotional, almost primitively emotional, like you've no control. So people make these ridiculously rash decisions, like painting the wall purple or putting in a weird bathroom or walls. You need to keep yourself at arms length.

How do you think the market is going?

I'm a bit worried about the property market in general; property is one of the best investments in the world. It is much more stable than the stock markets and other investments. Year on year, for the last 100 years, property has risen on average 10 per cent per annum, which is a pretty good growth curve.

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and to help the environment'

The thing about property is that on every single street there is an opportunity. Taking a house and making a loft conversion, sticking a conservatory on it, refurbishing, there's always an opportunity and that is a fact.

What's your property hotspot this year?

London is a great bet; statistics have shown that these three or four years before the 2012 Olympics are a really good time to buy. Prices keep going up but avoid anywhere that may be in a new flight path. I actually live in Kew under the flight path but my house would have cost me ten million anywhere else.

Do you think developers need to be aware of the environment?

Yes, 100 per cent, my new development has solar panels and wind turbines. Every apartment gets a bicycle, a free gym membership and an oyster card with a couple of hundred on it and I plant a decent tree for every single apartment. The car park is underground with charging ports for electric cars. I think it's our responsibility as property developers to be green and to help the environment.

Do you think builders deserve their reputation?

The problem with the building industry is that it's transient; you get

people from all walks of life and it can be hard to have stability. You have to nail everything down or you get stuff nicked. I now have sub-contractors work for me; I agree time, price and specification. I always get recommendations; if you go in blind you're going to get ripped off. Use The Federation of Master Builders' website to find builders that have ticked all the boxes and are part of the federation.

Do you think people should approach the international market in a different way?

You have to be really careful buying abroad and I know a lot of people who have lost money. I did ten shows abroad and every one of the participants is still struggling. One of the biggest check boxes is location, but when buying abroad people often buy from the internet without seeing their property. I know someone who bought abroad, then went over there and found it was next door to a pig farm. There is a ridiculous amount of property in Europe because planning laws aren't as tight. There are also a lot of backhanders and corruption. If it is a holiday home and you love it and you've checked the five boxes then buy it. If not, don't even think of it. It's hard enough to make money in the UK, in one of the most prolific property markets in the whole world, never mind an unstable country. Be very, very careful. **24**