

## **AWH assists in valuation of multiple HMO properties across the midlands**



5 HMO properties in 3 locations,  
1 valuations expert

## INTRODUCTION

When professional investors were looking to buy five large HMO (house in multiple occupation) properties, their banking partner knew they needed a valuation expert who could bring their expertise to bear quickly and efficiently. Wanting a company who would add value not only to themselves but their client as well, they quickly turned to AWH for help.

The investors were seeking to buy the five HMO properties, located in different towns across the midlands, in order to lease them to a housing charity as homeless accommodation for the period of 20 years. The investors wanted to settle on each property at around the same time, making the timing of the valuations of utmost importance. As each property was owned by a different vendor, the AWH Valuation team certainly had their work cut out for them.

## UNIQUE CHALLENGES AT EVERY TURN

Every property is unique and the HMO properties, which each have between 10 and 17 rooms, were no exception. The properties consisted of a mixture of both freehold and leasehold properties and were in different states of repair. The factors contributed to a number of challenges coming to light during the investigations.



Some – such as poor renovation works – were easily identified and reported but there were unfortunately also more serious concerns that needed to be taken into account. Structural issues in one of the properties, as well as missing planning approvals for another, necessitated in-depth investigations and relevant recommendations to be made so that both the banking client and the investors could make informed decisions. This included examination of lease-terms for two of the properties, which were not existing long-term leaseholds at the time.

With their extensive experience in multi-occupancy residences, AWH were able to assess and provide an “as is” valuation of each of the five properties. Valuation investigations were carried out based on rental schedules where the HMO’s had tenants. This meant liaising with the various vendors and their respective agents as needed.

Drawing on knowledge accumulated over their careers, the valuation team were able to take the market conditions and

locations of each property into account, ensuring that the final valuation report included the necessary figures for the investor to determine what their return could be on a 20-year lease.

Knowing that they were working to a tight deadline the experts at AWH coordinated their workloads to ensure that the valuations were submitted on time. This was particularly pertinent for two of the properties where the identified issues were causing the investors concerns that the deal might not finalise at all without the relevant information. Thanks to the reports compiled by AWH, the investors were able to renegotiate where the terms set forth by the vendors were unrealistic, resulting in mutually agreeable settlements.

## ADDING VALUE FOR CLIENT AND BEYOND

We pride ourselves on going above and beyond what other chartered valuation companies may provide, to ensure that we are not only providing value to our immediate clients but to their clients as well.

**Rodney Greenland B.AppSc B.Bus MRICS**, who worked on the valuation portfolio as part of the AWH team, commented: *“It is extremely satisfying when you get to do a job like this; where the end client is happy and the bank is happy, and they can see that you’ve done a lot more than simply go out and examine the property.”*

The AWH valuation team were thrilled to work with the bank and their client on this project. As the investors work with property so much, the information exchanges between them and the AWH team was informed, with each party contributing knowledge and experience for the best possible outcome.

At the time of writing, the purchase of four of the five properties is due to finalise and the long-term lease to the housing charity begin as soon as possible. Unfortunately, the investigations did uncover some legal issues around the final property, which had not been correctly licensed as an HMO. This has caused some doubt as to whether the sale can complete and is still open for further consideration.

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Both the bank and the investors are however delighted with the commitment and expertise that AWH demonstrated, and the timeliness in which they were able to complete the valuation work.

We have experts who specialise in both residential as well as commercial valuations. For any valuation needs, contact us on **0800 071 5517** or email **admin@awh.co.uk**.



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