

Episode 135

Tips for buying land at auction – with Tom Gresford from Gresford Architects

The show notes: www.houseplanninghelp.com/135

Intro: In this podcast architect Tom Gresford shares his experience of buying at auction. While he's been successful a number of times he's lost out a lot more! So, he's going to give us his best tips as well as tell us about one site - an old water tower - that he bought at auction and developed. On it he built a contemporary Passivhaus home, which has gone on to be shortlisted for the UK Passivhaus Awards.

I started by asking Tom to tell me a little bit about his background.

Tom: I'm an architect. I qualified in 2002 and set up my own practice in 2006. The practice specialises in high end residential projects, mostly in London. But over the past 5 or 6 years my focus and interest has increasingly been in low energy and sustainable design which is how I've come to be building Passivhaus.

Ben: Today, quite an interesting one, we haven't covered auctions before and you've been telling me about one of the shortlist actually on the UK Passivhaus Awards, this property that you bought at auction. So I'm seizing on this, not only to find out all about your auction experience but also go into the building too.

Was this the first time you bought at auction or as an architect do you do this every other week?

Tom: I certainly don't do it every other week! This was the third or fourth property I've bought at auction. An auction is a very interesting way of purchasing land and development sites. It's not ideal because you don't go in there knowing that you can come out with a property and sometimes you pay more. But it is very good for finding unusual properties and being able to get quirky, strange little bits of land.

Ben: Would you do this alongside looking in a general Right Move, something like that, or as you say you're looking for the quirky things?

Tom: I think looking on Right Move isn't the best way of getting, if you're looking as a developer, it's not the best way of getting land and certainly it's not how the quirky sites like this.

So this site was owned by Thames Water. It was a water tower. It was one of 6 assets that they were selling at the auction. It was a Savills auction. We did a planning study of each of the 6 sites and we identified this as being the most appropriate for development.

Ben: And when you did that you were looking for your site. So tell me what you do, how you research it. Because when you say I want this in an auction, that's it isn't it, it's binding?

Tom: Well it is binding. You've got to put down 10% there and then. You can always walk away, in which case you lose your 10%, which isn't a very sensible thing to do.

As an aside, I have worked with in the past a developer who serially just goes and buys sites which he's never even seen and then goes and sees them once he's bought them, and then walks away and if he loses £20,000 or £40,000 then that's his view of life! So I think some people do have a slightly eccentric view of that.

It's like buying any plot which you need to do a planning study of before you commit to. The only thing is that there's a much smaller chance that you're going to get this plot so you have to commit some resources and that's a part of the view you have to take of the planning process, of the purchase process.

So we employ a planning consultant and when I find a site I send him the details of the site. I have a look at it obviously, I have a good feeling as to whether a site is suitable or not but I will then get my planning consultant to have a look at it and he'll do 5 or 6 hours worth of work on all the local policies and appropriate policies and the site and do a desktop study. And so you spend £500 or £600 on every site.

Ben: Let's start at the beginning. So you get hold of the catalogue, that's the first stage and then you're just, what are you looking for when you've got the catalogue?

Tom: Anything quirky or unusual that other people might not be able to do something with that you think you can do. Because the market is so overcrowded that anything that is straight forward, anything that is...

To be honest we have bought little flats in the past and redeveloped them but they aren't such a sure fire way of being able to make a good development.

So what we like to look at because we don't have a lot of money, and obviously at the other end if you've got lots of money to throw at things there are lots of things you can look at. But if you have some skills but not a bottomless pit of cash then it's obviously quite difficult. The best way to utilise those skills is to find sites that other people might be put off by.

And it doesn't always work. We bought one in Staines which seemed to be ideal and the planners were completely happy with us building a house on it. The problem was it was in a flood plain and try as we might we couldn't get them to see past the fact that it was on a flood plain. And we raised it up, we did everything that we could be asked to, and we ended up going to appeal. We then sold the site after we'd been to appeal and spent 2 years trying to get planning permission.

There's no guarantee, if you buy something without planning permission you're buying it without planning permission. It doesn't necessarily work. But it is a good way of finding quirky plots.

Ben: This particular plot that we're looking at here, can you tell us about the constraints and how you size up, and then what bid you think about putting in, or maybe you don't even decide at this stage?

Tom: Well you have to take a view. I think it was being advertised at a starting price of £30,000 or very much that region. And it went for considerably more than that but a plot of land in a village where you can build a house for even considerably more than £30,000 is still worth buying, and again even without planning permission.

My first thought here and this is what our planning consultant agreed with, was that because of the nature of the village, because of the nature of the plot being within the boundaries of the village, being in a settlement, it meant that the site would be favourably viewed for a residential development.

Now to the west of the site is this beautiful area of outstanding natural beauty. If it had been on the other side of the fence there's no way we could ever have built on it.

So understanding your village boundaries and your settlement boundaries and all those sorts of things is absolutely crucial to be able to identify whether these sorts of plots are suitable for development.

And that's why it's so important to get, if you don't know all that stuff yourself it's so important to get professional advice before you go. Spending that £500 or £600 on this is worth it. It would have been worth it if it had told us to walk away and again there have been ones we've looked at and the planning consultant said no you mustn't do that, it's got all these problems associated with it, you'll find it very hard to develop.

Ben: I suppose we've almost talked about the worst case scenario, if it all went wrong. You managed to sell that piece of land before, so how were you able to do that?

Tom: There's always a market for land and always somebody could do something else with the land. So that piece of land had some garages on it, and maybe the person who bought it was just going to use it for garages and park 5 or 6 cars there.

Ben: Your building here in Chieveley, did you have a sense of what you were going to design or is that silly going down that route before you sat in the auction?

Tom: I really really try not to do that because I have a kind of great fear of jinxing things. I suspect that that fear is ridiculous and unfounded, but no I do try not to sketch or think too much about what the thing might be. Sometimes I can't help myself and I'll be sitting at my desk in the evening and just sitting looking at the auction and starting to sketch. But I tend to really hold myself back.

Ben: In terms of the money that you put in, you're obviously doing calculations in terms of this is a development opportunity. So do you go in with a set price of what you want to put in for the land?

Tom: Yes, you should always have a limit. Always decide what you're going to pay and obviously sometimes if you pay £1,000 or £2,000 more it's not the end of the world. But if you go in and not really knowing then you're much much more likely to pay more than the land is worth.

And there's always going to be somebody with very deep pockets and that person might be bidding against you and they might have a completely ulterior motive. It might have been the millionaire next to the plot who doesn't want anyone to build on it and you end up spending ten times more than the plot's worth just because you're bidding against someone.

So you really should have an idea of what it's worth, what if you had to exit the whole deal you would expect to get for it.

Ben: Even in the bids that I've put in, I've put in having done all the calculations and still lost out. It's always been those people who've just thought 'I want this'.

Tom: Yes, and it also depends if you're buying as development or buying it to build your own home. And obviously if you're buying to build your own home then I think you can be a bit more, you still have to be cautious but ultimately you're not there to make lots of money out of it, you're there to build your own home. And therefore if you pay a bit more then that's fine.

But then sometimes there'll be someone that's willing to pay a bit more than your bit more because they also want to build their dream house on that site. So there's no rule of thumb and you never know who you're going to come up against, how deep their pockets are and what they might be thinking on the day.

Ben: How many times have you not got something at auction?

Tom: Oh, loads. Many more times than I have got something at auction. I mean many more. Twice as many. I think that you have to go, and it is an incredible adrenaline rush and especially bidding and especially if there are quite a few people bidding.

I don't pretend to be a great expert on auctions but having done quite a few there are a few things, for example I always wait for a while before starting to bid which I think a lot of people do that. I think it's a fairly standard thing.

But no, I'm always very clear with myself before I start bidding on something what the level I'm going to go to. If we get to that level and if we say we're going to bid £80,000 for example and it gets to £82,000 and there are still 3 other people fighting over it you know that you're not going to get it and you just have to leave it.

Ben: And is it a case of just going down in terms of people that you start with, perhaps quite a lot of people, and then gradually no I'm out?

Tom: Yeah. As the price goes up the number of people interested always drops. At the beginning there are always a few chancers who haven't really thought about it but are sitting in the auction waiting for something else to come along and see that and think actually I'll just have a go, might be worth getting.

Ben: Bit of entertainment for the afternoon!

What about the number of different auction companies? Are there specialists for self build land or specialists that you think have good opportunities for self builders?

Tom: I don't know that there are any specialists for self build land but I wouldn't know whether there wouldn't be. I think any auction that has unusual and different sites on it is going to be suitable for a self build, and certainly when you go to these auctions the majority of people are professional investors who are buying them as investments but you can always tell the self build people there. They're all quite obvious!

Ben: Oh dear, so we mark ourselves out? We're probably all looking round thinking this is interesting and you guys have done it a million times!

Alright then, the times that I've looked at the auction book I've found that there's nothing in my area or just one or two things. It always seems to be somewhere else. Is that because I'm looking in the wrong auction house or is it just some areas, London for example there are bound to be many more things coming up than home counties?

Tom: I don't think there's any rule of thumb. You have to keep on scouring. There will always be things round where you want to find them but you might go to 10, 15 auctions before you actually get to that piece of land or that site.

Again some people are willing to buy in places that they've never visited. Hundreds of miles away from where they live, just as an investment and assuming if it's for sale then it must be worth something.

No there aren't any rules of thumb for finding the plot near you. It's just hard graft scouring those auction catalogues.

- Ben: Is there a reason that you always go down this route?
- Tom: I don't always go down this route but it does seem to be the best way of getting these small, unusual sites and properties.
- Ben: What about if there is property already on it? Your plot here had a water tower. Does it make a difference if it's say a property on there and you're wanting still to do a self build? Does that complicate things?
- Tom: I think it tends to make it easier, especially if the property is ugly or dilapidated and horrible. If you buy something with garages or water tower or barn or something, but again you have to be so careful about the use class of the structure that's on the site and what you want to build. Agricultural buildings and whether they're suitable for transformation to residential. I mean those sorts of things you just have to really do your homework on and if you're not sure, get somebody professional to tell you.
- Ben: Any other tricks that we should know about going to auction or things that we need to think about?
- Tom: Be prepared to go on a bit of an emotional rollercoaster, because obviously one of the things is especially if you're finding that site for you to build your home on you are always going to get emotionally attached to the idea of moving somewhere because that's the nature of the business and the nature not so much of the business but the nature of the situation. You wouldn't choose to buy somewhere if you didn't want to live there, but then the very fact you want to live there will mean that you'll get emotionally attached to the idea.
- So I think trying to remain aloof and detached from the process is a very good way of a) helping you bid in a sensible manner, and also helping you deal emotionally with potentially not getting the site, which you're statistically unlikely to.
- Ben: You got this site here. What did you want to do with it?
- Tom: Build a house on it. I mean that was always the aim of the site and we had been looking for Thames Water sites that were suitable for building houses on and that was what we wanted to do and I felt very comfortable with our chances of getting a house on it.

Ben: How did you go about informing the design because you didn't really have a client? This is interesting. I'm not sure we've ever done an interview where your goal at the end of this is to house someone that you don't know.

Tom: Yes. Well that's the inherent problem of being a developer or working for developers. You don't have a client so you have to imagine a scenario around which to design. So we know that 4-bedroom houses are popular. We know that the master bedroom normally now has an en-suite and there is a family bathroom and a downstairs toilet.

We know from working in the markets what people like to have and that is essentially how we built a brief around an imaginary family but we tried to make it, the design... We designed it to be, obviously as a Passivhaus, would be attractive to people who are concerned with the environment and low energy living, but also people who are concerned with good quality modern design. This is a modern house. So that was the other part. The imaginary couple were, or family who were going to buy this house, were interested in modern design.

Ben: And that's interesting because of course we've gone through that stage now, so has that been the selling point or is it really about the floor area, the number of bedrooms? What do you think has sold it, having gone through that process now?

Tom: I think it's a mixture of things. I think the design of the house has been critical. I think it does, it limits your market because not everybody wants to live in a contemporary house but it means the people who bid for it are much more passionate about it and they're people who really, really want to live there.

It went to sealed bids. We had 3 people, very different profiles all of them, so it just shows how difficult it is to design because they weren't all the same sort of people. And they were all absolutely desperate to get it. So it was actually a very hard decision to make because we wanted all of them to buy it because they all really loved it.

I think the natural light, the space, and also the feeling of being in a different house from the norm, as well as the benefits of living in a new build house. And then obviously being a Passivhaus. But none of the people that actually bid on it were previously interested in Passivhaus. They saw that as a massive advantage as soon as they learnt about it but that's not what drew them to the house. And

part of the reason for developing the house in this way was that it wasn't to be a kind of standard Passivhaus. It was meant to be a good piece of modern architecture that people would be attracted to and the Passivhaus was an additional benefit. We were showing that you could build beautiful modern houses in the Passivhaus way.

Ben: You also said something quite interesting to me earlier about the costings for it. And you feel the cost actually is very similar to if you'd done it in a traditional sense. So I want to know often people say it's cost more, so how have you achieved this?

Tom: Well we've gone down the construction management route of procurement which means that every element of the building is tendered 3 or more times to different trades. Now this was run by Mike Jacob of Trunk Low Energy Building. And it is a really really good way of making sure you get the best value for every element.

Now of course if you had built this, not to Passivhaus, and using the same method then it would have been cheaper because there are elements of the building that you don't have on normal buildings, such as your blinds, or your MVHR or your triple glazed windows. So yes it could have been cheaper to build and those elements of the build probably totalled about £15,000 so that isn't a massive amount of the overall build cost. And especially when it means that the build itself is still less than building a normal house in a traditional manner and you get that extreme improvement in performance and thermal comfort and all those other things that you do with a Passivhaus.

Ben: You've also got something that's architecturally bespoke and I'd like you to explain areas that you're particularly proud of.

Tom: The overall concept of the house was this black timber clad barn like agricultural structure that related to the local vernacular. The building is orientated to the west, which as we know is poor for Passivhaus, to take advantage of the amazing views to the west of the building.

When you come into the house you come in and on your left hand side when you come in there's a lovely open plan living space and then there's a central core which features the stair which has a beautiful 8 metre high double space. And then there's a service core next to that and then a kitchen, dining room and another little living area on the other side.

My favourite part of the house is the central stairwell. I think as you come into the house and you come through this little... Carved into the front elevation is this little entrance porch that means that when you step into the house you're already over a metre into the plan, so you step right into the middle of the house when you come in from the outdoors into the inside. And you come in into this 8m high space. You come from this very constricted space and there's this beautiful 8m high space with stairs that lead you up to the first floor. And that procession up to the first floor with the picture window at the top of the stairs which looks out over these absolutely stunning windows and then turning round and looking back onto the lovely double height space is really really special.

Ben: You mentioned you're facing west and that it's tricky for Passivhaus. Maybe you could explain how you've resolved that?

Tom: Good solar shading and increased levels of thermal performance. So the solar shading is predominantly on the west but then also on the south and east because the southerly windows aren't as big as they would be because of other contextual issues.

So all the windows on the west side have externally mounted remote blinds that keep out 95% of the solar gain and that means that the sun in the afternoon and the evening does not cause overheating in the house.

Conversely in the winter, those large areas of westerly glazing means the house might not perform as well in terms of retaining heat so we have increased the levels of insulation around the house as well in order to make that.

Ben: The shading you've obviously got to bring down manually, so did you ever play that off against trying to design it in? Was there a reason you went down that route?

Tom: Yeah. I like the idea of this very simple, functional design. And I find that brise soleil and other external shading methods can look very very fussy. And they don't necessarily perform as well as you'd like. This is a really really foolproof method of keeping the sun out, and the heat out and one which you have a lot more control over.

I think there are fantastic ways of using verandas and balconies which are carefully integrated into the design of the house to keep sun out, but you have to balance that a lot with the solar gain issues in the winter when you obviously want to be getting a lot more solar gain. So this means that the house here can take

advantage of winter solar gain but without having the problems of overheating in the summer.

Ben: And finally, is there anything else that you'd like to tell us about the house?

Tom: Well I think we set out with this project to show that a Passivhaus can be a really good piece of modern architecture, which doesn't sing and shout and scream from the rooftops about its ecological credentials. It's just a really good house. A really good, well designed, beautiful, comfortable to live in house. But it's not, there's no sort of hair shirt approach to sustainable living. It demonstrates that you can live a really comfortable life with having absolutely minimal impact on the environment and the dwindling resources that we have to face up to.

Ben: Tom, thank you very much.

Tom: Thank you.