Module 1: Building Confidence & Finding Opportunities

This module is designed to help beginners move from uncertainty to action. It focuses on building confidence, understanding how opportunities are found, and learning the basic language and concepts used in property development.

Section 1: Building Confidence

Overcoming Imposter Syndrome When Talking to Vendors and Agents

Most new developers feel like they don't belong when first speaking to agents, landowners, or experienced investors. This is completely normal. Confidence does not come from experience alone — it comes from preparation and repetition.

Key points to understand:

- Everyone starts as a beginner
- Agents care more about whether you are serious than how long you've been doing this. Remember that they are sales people — they are not really interested in you, all they are interested in is whether you are a serious buyer and will therefore contribute to their commission!
- You don't need to know everything to start conversations. The best way to build credibility is to ask questions that show you know what you're talking about.

Practical tips:

- Speak clearly and calmly
- Be honest but professional — if they ask about you and your background (this is rare in the first conversation) have a story ready. Don't lie, but think about how you position your experiences to give credibility. For example, if you've been a buy to let landlord for years and done the odd renovation project, you could say: "I've been involved in property for x years and done a few development projects in that time." In reality, most agents don't even ask and if they do, they don't really listen to what you say — they are looking for a buyer, not a business partner.
- Focus on learning rather than impressing — concentrate on what information you need from the agent and ask questions that will give you this information.
- Don't overthink it, be yourself. Remember, the person you are speaking to is a sales person, not a developer — so you know at least as much as they do!

Section 2: How to Find Sites

Identifying Your Search Area

It's worth spending time identifying the areas you want to focus on before starting your search. Time is money, and investing a day or two upfront to define your target locations is far more efficient than spending weeks looking at unsuitable sites.

Without a clear focus, you may find opportunities that seem promising at first, but after proper due diligence turn out to be commercially unviable or have a low likelihood of gaining planning permission. A well-chosen target area helps you work smarter, assess sites more quickly, and concentrate your efforts where applications are more likely to be approved.

Key points to consider when identifying your search areas:

1. Read the local plan — input these words into an AI tool such as ChatGPT: 'Can you summarise the West Berkshire Local Plan focusing purely on their housing policies for new homes?' This saves you hours and gives you the information you need. You can then prompt the AI tool to give you the implications of these policies for developers.
2. Find out how they are performing against their 5 year housing land supply — ask ChatGPT this question. This is important because if they are performing well against this target they will generally be less motivated to approve windfall sites, which is what your site will be.

In summary: if you have the choice of a few different Local Authorities to search in, prioritise the one that is not performing well against their 5 year plan and where the Local Plan is favourable towards housing developments.

You can forward the output of these ChatGPT prompts and we can advise you on what the information means for you and your search.

2.1 Site Viability

Impact of CIL (Community Infrastructure Levy)

If you read the Basics of Property Development guide, you will understand that all costs are deducted from the GDV of a site to give you your gross profit.

One of the major costs that a developer incurs on any new housing project is CIL — Community Infrastructure Levy. This is a tax levied against developers, charged per sqm on the Gross Internal Area of new housing. Each council sets their own rates and there is a massive disparity in what councils charge.

For example, in Wokingham Borough Council the CIL rate is £551/sqm, whereas in neighbouring Reading Borough Council the rate is £188/sqm. If you are building 5 houses at 150sqm each, in Wokingham the total CIL payable would be £413,250 and if you built the same houses in Reading the CIL payable would be £141,000 — a difference of £272,250.

As a percentage of GDV, CIL will be much higher in Wokingham, which means you can either pay less for the land or your profits are reduced.

Impact of Sales Prices

As a general rule, you want to be developing houses in higher value areas. In very simple terms, this is because for any developer the biggest costs are (in descending order, excluding the land purchase cost):

3. Build costs
4. Finance costs
5. CIL or other taxes such as S106

These costs are unaffected by the location of a development (CIL is the same regardless of location within a Local Authority Area). Knowing this, and the fact that these costs are consistent regardless of location, the higher the GDV the better — as all of these costs (and others) are deducted from the GDV to give Gross Profit (or Loss).

The best way to illustrate this is with an example:

You gain planning permission to build 5 houses in a very exclusive, sought-after area. The GDV of this site in that location will be £3m. Another developer gains permission to build 5 identical houses in a less desirable area but within the same local authority. The GDV of this site will be £2.25m.

Site 1 – GDV £3M

- Build costs: £1,350,000
- Finance costs: £200,000
- CIL contribution: £150,000
- Profit*: £1,300,000

Site 2 – GDV £2.25M

- Build costs: £1,350,000
- Finance costs: £200,000
- CIL contribution: £150,000
- Profit*: £300,000 (approx.)

*These profit figures don't take account of all other costs such as the purchase price of the land, consultants' fees, buying and selling fees, etc.

You can see from the example that the amount you can afford to buy the site for and the potential profits available are much higher on Site 1 — purely down to the location and higher values achievable. Obviously you will pay more for Site 1, but as a percentage of GDV you will be able to pay a higher percentage for the land and make a higher percentage profit, because the large 'fixed costs' on lower value sites will be a higher percentage of GDV.

Key Principle

The best areas to look will have: (1) a local plan that encourages new housing developments and guides developers as to what type of developments they want and where; (2) the Local Authority is performing badly against their 5 year housing land supply target; (3) a low rate of CIL; and (4) higher value areas or streets within these locations. Do this exercise for all Local Authorities within a 30 minute drive of where you live, then focus initially on the one that scores highest.

2.2 On-Market vs Off-Market Sites

Once you've identified your search area, there are two ways to find sites:

- On the market — easier to find, but less profitable
- Off the market — harder to find and close, but more profitable

On the market

Most on-market sites already have planning permission, meaning someone else has benefitted from the planning gain. The advantage is that you can get started building straight away. These sites suit people with experience in building or project management who want to build out sites.

These sites are worth looking at, but ignore the asking price and do your own viability on the numbers. This will be easier than a site without planning permission, as you will know exactly what you'll be building, making your GDV calculation straightforward and your build costs more exact.

The market at the moment is not strong, so vendors of sites will not be inundated with offers. Do your numbers and make offers based on your own calculations — if nothing else, you will build credibility with the agents selling these sites. There is nothing wrong with sharing your numbers with agents, as this will build further credibility.

To find sites on the market, look on Rightmove — filter on Land or Commercial. Call all the local agents in the area and tell them you are actively looking for sites. They will add you to their database, but still be proactive and keep calling the same agents at least once a month. They remember the buyers who are persistent.

Auctions

We wouldn't recommend buying at auction as this is extremely risky, but a lot of sites that go to auction don't sell — and these are definitely worth looking at. Find out when the auctions are and call them the day after to find out which lots didn't sell.

Often these sites haven't sold because they have something 'wrong' with them. We like sites that have something wrong with them, as this puts a lot of prospective buyers off and gives you the opportunity to negotiate a lower price. Don't be put off by issues — do your due diligence, find out if the issues can be overcome and what the cost implication will be.

Important
Don't be put off that sites have issues. Do your due diligence and find out if the issues can be overcome and what the cost implication will be. Sites with problems are often where the best deals are made.

Off-market sites

Off-market sourcing uses a funnel system — designed to ensure you use your time as efficiently as possible and don't waste time on sites that will never amount to anything. There are numerous mapping software tools you can use, including Promap and LandInsight.

Types of sites to look for include:

- Large single plots
- Simple land assembly (e.g. combining two or three adjacent plots)
- Back garden sites — more complex land assembly

You will also need to understand how to find out who owns the properties you are interested in, what the title plans tell you, and how to approach owners. Tools include drive-bys to spot red flags, Land Registry searches, direct letters to owners, and door knocking.

Practical Advice

When door knocking or writing to owners, your objective is simply to open a conversation — not to make an offer on the spot. Be friendly, curious, and professional. Most people are flattered that someone is interested in their land or property. Ask questions and listen.

Section 3: Module Summary

By the end of this module, you should:

- Feel confident speaking to agents and owners
- Know where opportunities come from
- Understand how to start sourcing sites
- Be able to assess whether a location is commercially attractive based on CIL, local plan policy, and sales values