

Park Street: a six-bedroom HMO, reportedly let

14.8% gross yield at the modelled **£270,000** price.

INITIAL INVESTMENT

£95,545

All in, sourcing fee included

ANNUAL RENT

£40,000

6 rooms, agent-stated

NET A MONTH

£632

After costs, before tax

CASH-ON-CASH

7.9%

£7,583 a year, before tax

Draft — unverified. Built on assumptions. The rent is the agent's figure and the price is our target, not agreed. Gross yield is 13.3% at the asking price (page 2).

THE OPPORTUNITY

A detached **6-bed** HMO, every room en-suite, refurbished in **2019** per the agent, reportedly let. Offers over **£300,000**; modelled at **£270,000**. Price and rent not yet agreed or verified. No works. Hold for income on an assumed **75%** limited company HMO mortgage; no refinancing assumed.

THE INCOME

The rent works out at **£128** a room a week, below the **£147** local average for a double en-suite room. After interest and running costs, including bills, **£632** a month is left before tax. Tenancy schedule requested; not yet seen.

THE CAPITAL

Large houses nearby point to a value of about **£330,000**, within **£288,000** to **£372,000**. Bought at **£270,000**, that suggests about **£32,000** of headroom on day one, not a gain; at the bottom of the range, none.

THE LOCATION

About **2** miles south-east of Bolton town centre, near Farnworth station, with trains to Bolton and Manchester, and close to the M61. Our view: steady demand from working sharers.

Every month

Rent, 6 rooms	£3,333
Interest, 75% at 5.5%	-£928
Running costs, 28% + bills	-£1,773
Net, before tax	£632

What you put in

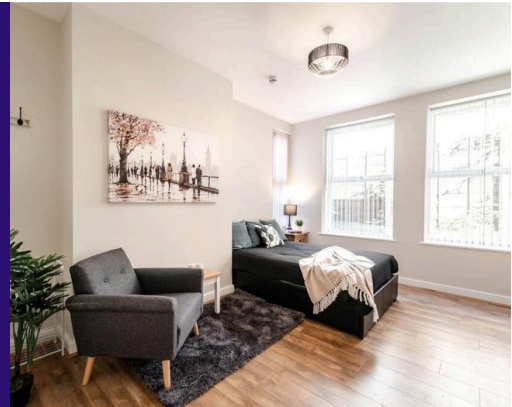
25% deposit on £270,000	£67,500
Stamp duty	£17,000
Sourcing fee, 2%	£5,400
Survey, legal, insurance, lender	£5,645
Total cash in	£95,545

Park Street, Farnworth BL4. 6-bed detached · C4 HMO · 2,165 sq ft · council tax band C · tenure to confirm.

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The assumptions, **stated plainly.**

The listing gives the rent, the use and the size. Everything else is modelled or outstanding until the agent's documents arrive.

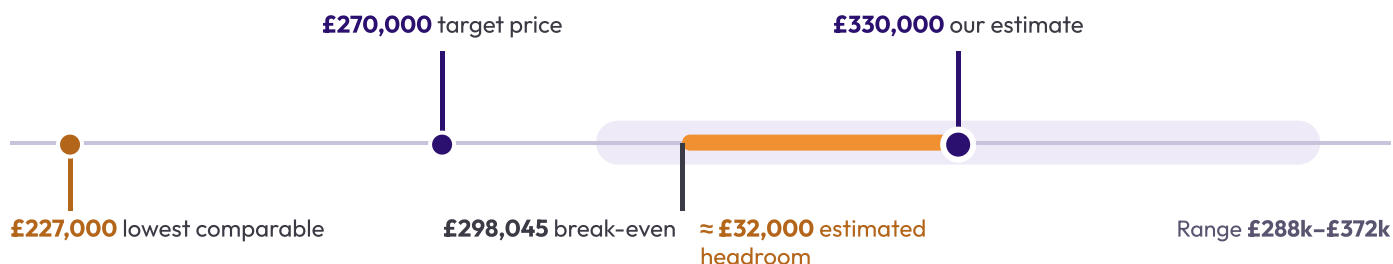


THE MODEL ASSUMPTIONS

INPUT	USED	BASIS	STATUS
Purchase price	£270,000	Offers over £300,000 (Bradley Hall, listed 5 Jun 2026). Modelled 10% below; no offer made.	MODELLED
Rent	£40,000 a year	Stated in the listing, "currently let": £128 a room a week against a £147 local en-suite average.	AGENT-STATED
Occupancy	6 of 6 let	Occupancy and arrears not yet confirmed. 8% voids allowed.	AGENT-STATED
Running costs	28% + £840 pcm	12% management, 8% maintenance, 8% voids, plus £840 bills. Council tax band C.	MODELLED
Mortgage	75%, 5.5% interest only	Limited company HMO product, valued at the purchase price. Not yet broker-quoted.	MODELLED
Purchase costs	£28,045	Stamp duty £17,000 , sourcing fee £5,400 , survey, legal, insurance and lender £5,645 .	MODELLED
House value	£330,000	2 nearby 5 -bed sales, adjusted for size: £288,000 to £372,000 . Not a valuation.	MODELLED
Use and licence	C4 HMO	Stated in the listing, in an Article 4 area. Licence not yet seen.	AGENT-STATED
Tenure and VAT	None assumed	Tenure not stated. Price quoted exclusive of any VAT that may be payable.	OUTSTANDING

WHERE THE VALUE SITS

The lender lends **75%** of the price or its valuer's figure, whichever is lower.



If valued at £227,000

Lender lends	£170,250
Your cash in	£127,795
Net a month	£780

Valued at £270,000 or more

Lender lends	£202,500
Your cash in	£95,545
Net a month	£632

Illustration: refinance at £330,000

Lender lends	£247,500
Cash back	£45,000
Left in · net a month	£50,545 · £426

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What could change the outcome.

Modelled figures, before tax, not a lender quote. The larger risks are the value, the licence and the unseen tenancies.

NET A MONTH BEFORE TAX, UNDER STRESS

As modelled		£632
Rate 6.5%		£463
Rent -10%		£392
Rate 7.5%		£294

Rent -10% is **£3,000** a month. Modelled; not a lender quote.

ROOM EMPTY 6 MONTHS

-£2,933

beyond the 8% voids allowed.
The year still makes **£4,649**. To check for double counting.

IMPORTANT THINGS YOU NEED TO KNOW

01

The value — the biggest risk

The **£330,000** rests on two sales. At **£297,000**, 10% lower, the estimated headroom is gone. Valued at **£227,000**, cash in rises from **£95,545** to **£127,795**. A broker must confirm the lender's approach before any offer.

02 Licence and planning

C4 use is stated in the listing but not yet evidenced, in an Article 4 area. A licence doesn't transfer: the buyer reapplies. Kitchenette rooms may count as bedsits, with stricter fire rules.

03 The rents

The **£40,000** is the agent's figure; the tenancy schedule is not yet seen. Each **£10** a room a week less cuts about **£187** a month.

04 Voids and management

Voids hit one room at a time, but rooms turn over more often. Management assumed at **12%**, voids at **8%**.

05 Tenure, VAT and tax

Tenure isn't stated and the price excludes any VAT: both to confirm. In a limited company, interest is a business cost, so Section 24 doesn't apply.

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Turning assumptions into facts.

What we have: the agent's listing and six photos, the stated rent, nearby sold prices and our model. What is outstanding is below; this pack will be reissued on the answers.



WHAT IS STILL OUTSTANDING · ASK BRADLEY HALL

Rents and tenancies

- ☐ Rent for each room, and what bills it includes
- ☐ Tenancy schedule: dates, type, arrears, empty rooms
- ☐ Rent statements for the last **12** months
- ☐ Deposit protection certificates

Settles the **£40,000** rent and what it covers.

Licence and planning

- ☐ Bolton HMO licence: holder, expiry, occupants
- ☐ Evidence of C4 use before the Article 4 direction
- ☐ Fire risk assessment for the kitchenette rooms

Settles lawful HMO use, and whether a lender will lend.

Compliance and the building

- ☐ Gas safety, electrical (EICR), EPC, fire alarm
- ☐ Floor plan with room sizes; furnished or not
- ☐ Actual utility, broadband and cleaning costs
- ☐ Known issues with the roof, damp or boiler

Settles the **£840** bills and any compliance spend.

The sale

- ☐ Tenure, and whether any VAT is payable
- ☐ Who is selling, and why
- ☐ Offers so far since June
- ☐ Who manages it now, and whether they would stay

Settles room to negotiate on **£300,000**.

WHAT HAPPENS NEXT

1

Rerun on the actual rents and bills; reissue this pack.

2

Check the licence on Bolton Council's HMO register.

3

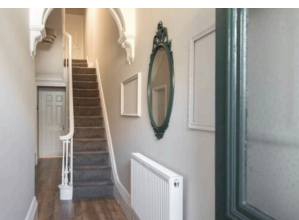
Broker: limited company HMO rate, and how the lender values it.

4

Agree an offer with you. We would not go above **£285,000**; the model uses **£270,000**.

5

On acceptance: **£2,000** holding deposit, then survey, searches and valuation.



HOW TO MOVE FORWARD · TALK TO

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