Winners

School drop-outs to property tycoons

Teenage sweethearts Renae and John bought their first home within days of his 18th birthday. Just four years later, they have built a $2m portfolio that has our judges swooning. *Jon Tkach* has their story

Renae McGlashan and John Thomas were too young to even sign the paperwork when they started looking for their first house. Four years and five properties later, they have amassed a diverse $2m portfolio that really caught our judges' attention.

Renae and John started young, invested smart and worked extremely hard, including late-night shifts at McDonald's and some tough do-it-yourself renovation projects.

Renae says DIY was a motto for them from the very beginning.

"We wanted to get out of home and be on our own," Renae remembers. "I think every 17-year-old thinks that but instead of renting, we wanted to have our own place.

"In fact, I think we actually spent John's 18th birthday at the bank applying for a loan."

Big dreams

Renae was still 17 at the time, but says she doesn't think they grew up too fast.

"We have a lot of friends that spend all their money on motorbikes and stuff, and you know we weren't really interested in all that. It's more that we wanted to have our own family. I guess we wanted that Australian dream right from the start."

The young couple's Australian dream now includes taking care of two young children in addition to their five high yielding investment properties.

But it all started when they were just 16 and both worked behind the counter at the local McDonald's in Wauchope, NSW, near Port Macquarie. They flirted for a few months until Renae got tired of waiting for John to ask her out.

"I actually had to ask for his number because he was too shy," Renae laughs.

They fell pretty hard for each other and soon started hatching a plan to start their lives together. They didn't like the idea of paying someone else's mortgage, so they set out to buy a house with a shed for John's tools and room for the kids they hoped would be on the way.

As part of the plan, John left school to start a boilermaker apprenticeship, and Renae went full-time at McDonald's, leaving school in the middle of year 11.

"So he would go and work his job during the day and would come and work at Maccas at night," Renae remembers. "And since we were both living at home, we were able to save up about $7,000 towards the down payment and the rest was the First Home Owner Grant."

The only thing that could slow them down was the fact that John needed to turn 18 before he could sign the paperwork on the house.

"We drove past this house every day, I think, for two months before we bought it just to make sure it was still there," John laughs.

They admit that their dream house wasn't much to look at, recalling that it

Renae and John win

A prize pack worth $15,358 consisting of:

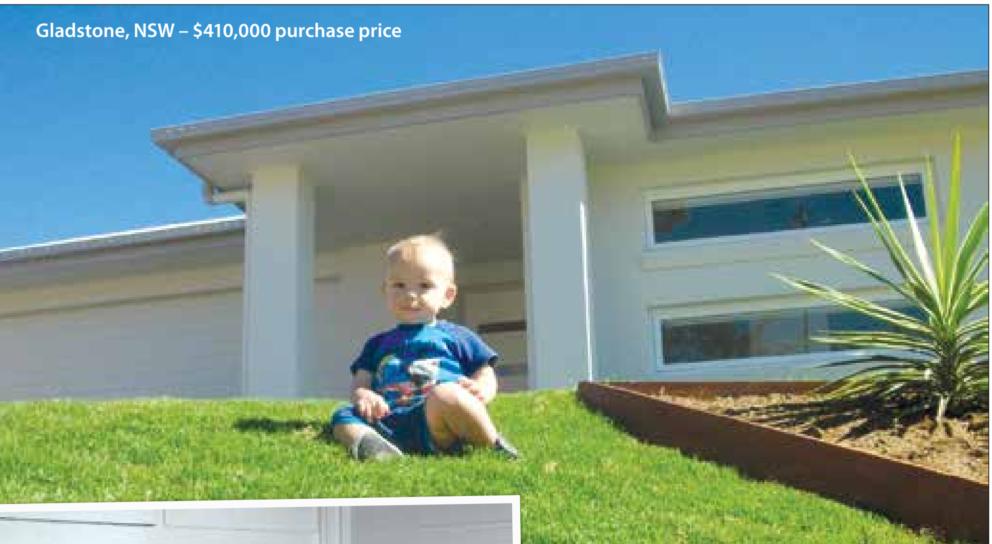
- $2,500 cash!
- A US property tour with the Property Women including flights and accommodation
- A 12-month PriceFinder 'Single' membership
- A 12-month Real Estate Investar 'Premium' membership
- A National Suburb Scorecard Report from RP Data
- A 12-month 'platinum' membership to NMD Data
- 2 x Depreciation Reports from Washington Brown
- *The Millionaire Mindset* DVD from Metropole
- 12-month subscription pack including *Your Investment Property*, *Your Money* and *Your Mortgage* magazines

Renae and John's portfolio

Location	Type	Purchase price	Renovation costs	Current value	Rent per week	Rental yield	Profit
Wauchope, NSW	house	$195,000	$0	$255,000	$310	8.30%	$60,000
Wauchope, NSW	house	$182,000	$10,000	$250,000	$300	8.10%	$58,000
Gladstone, QLD	house	$410,000	$0	$580,000	$650	8.20%	$170,000
Wauchope, NSW	house	$200,000	$15,000	$300,000	$350	8.50%	$85,000
Gladstone, QLD	house	$519,000	$0	$580,000	$750	7.50%	$61,000
Totals		$1,506,000	$25,000	$1,965,000	$2,360	8.12%	$434,000


Showing off their Wauchope fixer upper, Renae and John with their kids

Gladstone, NSW – $410,000 purchase price



was easily the cheapest place in town. At $195,000, they just couldn't afford anything more at the time.

But they certainly showed an early knack for spotting a diamond in the rough, because with some smart DIY renovations the house has grown steadily in value and helped them fuel their property investing career.

Young tycoons

Just a year after realising their dream of becoming property owners, Renae and John were ready to realise the even bigger dream of becoming property tycoons.

"By this time we had our daughter and we realised we didn't want to work all the time, but wanted to be able to stay home with our family," Renae says. "But we didn't want to downgrade our lifestyle either in order to do that."

So, seeing that they had built up some equity in their residence by spotting potential in an ugly duckling and doing some smart renovations, they decided to try their hand again. They set their sights on a former housing commission property in town that gave them a huge opportunity to practise their renovation skills.

"It was literally an overgrown forest," Renae recalls with a laugh. "People driving past it probably thought that it was a vacant plot of land. We were looking for anything with potential, meaning anything where people would go, 'yuck!'"

Unfortunately, the banks didn't like the look of the young couple's loan applications either.

After shopping around quite a bit, Renae says they were able to work out a creative solution with their original lender. After some initial resistance, the bank let them use the equity they had built up in their first home by cross-collateralising, or combining both homes into one loan. This creative bit of financing essentially allowed Renae and John to pick up the investment property with no money down and use the little cash they had available to make the badly needed upgrades.

"We did renovations – that's the only way they really went up [in value]. The market didn't really do too much in Wauchope," Renae admits.

Sweat equity

About a year later, they added yet another Wauchope fixer-upper to their roster and are proud of the fact that they completed all three of these renovations without once hiring a contractor. John has many of the building skills covered and access to a skilled contingent of family and friends willing to provide muscle and know-how.

"We've done everything from roofing to tiling," Renae says. "There is normally someone around who will know what to do… though we've even had to run into Bunnings a few times in order to sneak a look at their DIY pamphlets trying to figure something out."

Renae laughs when she adds, "But you know, eventually you get there."

Renae also pitched in with long hours, and the two of them would work together to do research on the market, determining what upgrades would give them the best returns. But Renae admits the process was usually not all that scientific.

"We would just throw ideas up in the air, and occasionally John would say, 'how about we do this?' And I would say, 'Are you kidding me? That will look stupid.' And then he'll do the same thing back to me. So basically the things that we agree on are the things that we end up doing.

> All three of their renovations have helped them net at least a 25% return on their investment

"But at the end of the day it comes back to what is going to increase the value rather than what looks pretty."

They seem to have found a winning formula, as all three of their renovations have helped them net at least a 25% return on their investment.

Lessons learned

Renae and John say they learned a lot through their DIY adventures, including the fact that it might be best if they avoided them for a while.

"Yeah, there have been a lot of fights," John jokes.

"Yeah, definitely the first two renovations were the worst," Renae adds. "You know, we blew our budget, and we didn't manage our time properly. We just fought over time, and it really tests a relationship when you're doing renovations."

"We're always wanting to do too much in too little time," John adds, laughing a bit as he realises how much of an understatement this is coming from a 22-year-old with five investment properties.

The couple found a definite way to avoid renovations by buying new. They did some research and saw good opportunities requiring a lot less sweat equity in the booming Queensland mining towns that John was visiting in his work as a boilermaker.

While scanning through *Your Investment Property* and other real estate magazines, they liked what they saw in an advertisement for a property investment group.

"So we jumped in the car and drove four-and-a-half hours to Sydney to meet them with a newborn baby in the car," Renae recalls.

Quickly after that fateful road trip, the couple used the group to line up a deal on a new construction in the booming port town of Gladstone up on the central coast of Queensland.

Creative financing

Again, several banks turned them down, forcing Renae and John to get creative once more.

"So what I finally did was I got my Dad to help us out by lending us his deed," Renae recalls. "We did a little deal on the side, because since we saved $14,000 on LMI we agreed to give him half of it."

The Gladstone house was in a whole new price range at $410,000, but it didn't take long to get rid of any misgivings. "I think we made about $140,000 in 12 months build time," Renae says with pride.

They were keen to repeat their success and soon started looking around for another property up there, but were surprised to find little available. Their persistence paid off when they ran across a sale that had fallen through, picking up another new construction for $519,000. The house is set to be completed early this year and, due to ballooning land values, they say it is already worth at least 10% more than what they paid.

John has been living up in Gladstone for the past eight months for work,

Wauchope: renovation

and the couple say they will likely be investing in the area long after he gets shipped off to the next boom town. "We are really confident with what's going on up there," he says. "I think we'll be looking at going into some units in order to spread out our risk a bit."

Renae says she's been busy researching a number of high growth areas driven by the mining boom, and she really likes the diversity she sees in Gladstone.

"We are looking for things like population growth, infrastructure, making sure that the town has more than one thing driving it. We don't want to buy in a mining town just because they've got a big mine there. We always want to have a back-up.

"Gladstone has all the LNG ports going in there, but it's also the bottom of the Great Barrier Reef so there's a lot of tourism there," she adds.

Sydney-bound

While the couple are focusing on their investments in Queensland, the moving van has the family heading down the coast to Sydney. Renae is set to start a whole new career in a field she knows a little something about: real estate. She's taken a job as a sales consultant with a property investment group based in the Harbour City.

Moving their home base 350 kilometres down the NSW coast is unfortunately going to make John's "fly in, fly out" trips a little longer. But, he says that thanks to their property portfolio he shouldn't have to be making those trips for all that much longer.

"Our plan is that in five years or so we should at least be semi-retired," John says, adding that by that time he aims to be travelling to vacation spots more often than dusty mining towns.

Judges' comments

"Renae has been investing in property for 2.5 years and has already amassed five properties. She believes in research and seems to have a great understanding of the property market for someone so young. Well done Renae!"

– Tyron Hyde, Washington Brown

"The most strategic thing Renae and her partner have done is start early. Having two investment properties under their belt at just 19 must have been hard work and they are now reaping the benefits, having built their investment portfolio to five properties. Their 'buy and hold' investment strategy is safe, and clearly they are hands-on with maintenance, which not only saves money but provides valuable experience when dealing with tradespeople in the future."

– Tim Lawless, RP Data

Runner up

A young gun

Morgan Crawford is only 21 years old, but already has nine positively geared properties to his name which bring in just under $15,000 per week in rent, in a portfolio that's worth more than $8m. *Robin Christie* reports

Growing up in Perth during the pre-GFC mining boom, a teenage Morgan Crawford could see the opportunities that Western Australia's property market offered. He clearly had the drive and ambition to start investing but, given his tender years, he had to be patient before jumping into the property market.

"I was in high school, and my older brother and father were involved with property investing. They'd be going over plans for positively geared investments in the north-west and I'd sit in and listen to their plans," he says.

"It was something that I wanted to get into when I was legally old enough. I was watching them going over the property specs and there was just an unbelievable amount of money to be made in simply acquiring those properties and retaining them."

With time on his hands before hitting 18, Morgan decided to set himself a clear goal to get his property portfolio off the ground, and that was to buy three properties within three years. He soon discovered, however, that this target would be easily surpassed.

"After the first 14 or 15 months that goal was quickly approaching, and I was able to supersede it," he says. "I've been going about three years and one or two months now, and I have nine properties."

Starting small

The fact that Morgan started his investment journey on a salary of $60,000, with just $5,000 in savings, makes his achievements all the more impressive. Thankfully, his first property purchase came in January 2008 during the First Home Owner Boost era, giving him an additional $14,000 in government grants to put towards his first home purchase – a $355,000 two-bedroom, two-bathroom unit in South Hedland.

"The GFC hit, and properties in the local market took a temporary downturn. Some owners started to panic and put their properties on the market immediately. I saw this as a great opportunity to purchase a property that may sell under market, and would make me immediate capital after the downturn," says Morgan.

Anyone familiar with the First Home Owner Grant will know that one of its conditions is that the buyer must live in the property for at least six months, within the first 12 months of purchase.

Morgan wins

A $9,822 prize pack, consisting of:

- $1,000 cash!
- A 12-month PriceFinder 'Single' membership
- A 12-month Real Estate Investar membership
- A National Suburb Scorecard Report from RP Data
- A 12-month 'platinum' membership to NMD Data
- A selection of reports from Washington Brown
- *Mentored by the Property Masters* 9 x CD set
- 12-month subscription pack including *Your Investment Property*, *Your Money* and *Your Mortgage* magazines

Morgan's portfolio

Location	Type	Purchase date	Purchase price	Reno costs	Current value/ sale price	Weekly rent	Yield (based on current value)	Profit
South Hedland, WA*	Unit	Jan-08	$355,000	$2,000	$530,000	N/A	N/A	$173,000
South Hedland, WA*	House	Mar-09	$638,000	NA	$1,050,000	$2,100	10.4%	$412,000
South Hedland, WA	House	May-09	$600,000	NA	$1,010,000	$2,000	10.4%	$410,000
South Hedland, WA	House	Nov-09	$640,000	NA	$1,050,000	$2,100	10.4%	$410,000
South Hedland, WA*	House	Oct-09	$600,000	NA	$1,010,000	N/A	N/A	$410,000
Mindarie, WA	House	Dec-09	$930,000	NA	$1,250,000	N/A	N/A	$320,000
South Hedland, WA	House	Aug-10	$728,000	$12,000	$899,000	$1,700	10.2%	$159,000
South Hedland, WA	House	Aug-10	$585,000	$20,000	$799,000	$1,450	10.8%	$194,000
South Hedland, WA	House	Oct-10	$685,000	NA	$950,000	$1,200	8.4%	$265,000
South Hedland, WA	House	Jan-11	$700,000	$10,000	$799,000	$1,600	10.5%	$89,000
South Hedland, WA	House	Jul-11	$650,000	NA	$735,000	$1,350	9.6%	$85,000
South Hedland, WA	House	Sep-11	$680,000	NA	$875,000	$1,350	8.00%	$195,000
Totals (current portfolio)			$6,198,000	$42,000	$8,367,000	$14,850		$2,127,000
Totals (including sold properties)			$7,791,000	$44,000	$10,957,000			$3,122,000

**Sold*

Judges' comments

"Morgan certainly hasn't let an opportunity under his nose escape! Sure, Morgan has benefitted from 'being in the right place at the right time', but his actions speak louder than words. He has amassed a fantastic stable of cash-flow positive properties, and his development site sounds like a screamer! Well done Morgan."

– Tyron Hyde, Washington Brown

"Morgan has a strong focus on market facts, research and local knowledge. Being well located has obviously helped. However, Morgan's investments have excelled even in an already strong local marketplace. His overall strategy is mature and has grown from a simple buy and hold approach to a diversified approach including developments and even some quick flips. Morgan has built upon his prior successes, establishing clear objectives and a well-executed plan on a property by property basis. This can only be done with a strong research discipline and skill."

– Kent Lardner, PriceFinder

Morgan Crawford with partner Michelle

Morgan realised that this would allow him to rent out the property immediately after settlement to bring in a few months of extra income before moving into the property himself. The property was cash-flow positive, so he decided to rebuild his savings fund before setting into the property himself.

"You can actually lease the property prior to moving into it as long as you reside there within the first 12 months. So I rented the property for the first six or seven and built up a surplus of funds, meaning when I moved into it I'd have additional funds to pay for my loan repayments," explains Morgan.

Thanks to $2,000 worth of renovations and the rapidly rising property market in South Hedland, Morgan was able to sell the unit a year after purchase for $530,000 – netting him a profit of $173,000 after renovation costs.

"The great thing about one-bedroom and two-bedroom units in this area is that there's a large transient workforce"

A lesson learnt

Making more than $170,000 in your first year as a property investor isn't a bad result in anyone's books, and these funds enabled Morgan to embark on his next investment deal – a new build project – but with hindsight he regrets selling his first property.

"I didn't realise at the time that I could quite easily have kept the positive cash flow that I was getting from that apartment and then just pull the equity across and build a second home without having to sell the first one."

Not only would he have benefitted from continued capital growth in the South Hedland area, but the additional income from his positively geared investment would have improved his mortgage serviceability in the eyes of the banks.

"If you don't have the income to support a new lend – no matter how much equity you have – they won't lend you the money. So your cash flow's equally as important," he says.

Morgan has since gone on to buy and hold nine properties, but that's not to say that he's ruled out the concept of selling altogether. As well as targeting newly built properties in South Hedland to hold for the long term (which are low maintenance and attract high rents from executive tenants), Morgan has noticed that the Pilbara's resource-driven property markets also offer the opportunity to renovate and flip to turn over a quick profit.

"Properties that are built within five years bring cash flow and keep my portfolio sustainable, while my renovators can raise $100,000 or $200,000 very quickly," he says.

"You can go in, take a property on board at maybe $20,000 or $30,000 under market value, spend some money on it and lift the rental return. And in a market where a lot of values are based on returns, you can make very quick equity."

Thinking big

One of the reasons why Morgan is keen to raise quick cash through renovation is to fund the third prong of his investment strategy and a new chapter in his life: development.

"I've really only been getting into those over the last 12 months, and I'm having to raise capital with the quick flicks to get in and fund a large portion of the developments – because they're quite expensive in the north-west," he says.

In fact, Morgan's best deal to date, he says, came from spotting the development potential of a three-bedroom house in South Hedland.

The house would set him back $685,000, and was already tenanted and cash-flow positive, but what really made the property stand out was the potential to make the most of a government planning policy shift and convert its residential zoning category to allow for higher density development.

In conjunction with a development company, Morgan spent 12 months gaining local council and Western Australian Planning Commission approval for his plans to rezone the property. He now has permission to build upwards of 14 one-bedroom units on a site that previously would have only been able to accommodate three four-bedroom houses.

But that's not all. Morgan has since entered into a joint venture with the owner of the adjoining site, allowing the pair to build up to 24 one- and two-bedroom units on the amalgamated site. Construction is scheduled to kick off in July, and the project is expected to bring in a staggering gross profit of $15m when the units are completed and sold early next year.

"The great thing about one-bedroom and two-bedroom units in this area is that there's a large transient workforce. There's a large trades and services workforce that needs to chuck, say, two or three guys into one apartment. From an investor perspective, you're always going to have people wanting those one-bedders and two-bedders – so they're not having to pay $2,200 a week for a four-by-two house," he says.

"And the good thing from a developing point of view is that it's much easier than selling a $1m property. When you're selling something at $599,000 a lot more people can afford that. You've got a much higher buyer base than selling a property at $1m."

Morgan is so confident in the development scene in north-west WA that he has decided to leave his job as a sales consultant for his brother's real estate agency and move into property development full time.

"I've just stepped out of real estate and stepped into a new role as managing director of a development company in the north-west here. So that's been my ambition for the last 12 months and I'm just getting there now," he says.

He now has a couple of development sites in his portfolio, and plans to retain some of the units in each of his completed developments to keep his personal investments ticking over.

Managing risk

The rapid expansion of Morgan's portfolio is down in no small part to the Pilbara property market's positive cash flow opportunities and phenomenal recent capital growth. But being in the right place at the right time wasn't enough in itself to secure the multiple loans required to buy nine properties in three years.

He was able to meet the lending criteria required to secure a loan on his first property, but realised that, as an 18-year-old who was just starting out in property investment without much in the way of assets or cash flow, the banks would take some persuading to keep lending him money.

A finance broker friend, however, pointed out that having a savings history with a bank greatly improves your standing in their eyes, so Morgan set about creating a name for himself by opening up savings accounts with his target lenders.

This allowed him to create a savings history with multiple financial institutions, develop relationships with bank managers and learn each bank's loan approval criteria. All of which has ultimately allowed him to spread his debt with four different banks: CBA, ANZ, BoQ and NAB.

"I have also learnt that all banks have limits as to what they will lend to you at any one time, so this strategy has allowed me to borrow freely amongst an array of mainstream bank lenders."

He admits that putting all of his eggs in the mining basket doesn't come without its risks, and maintains an LVR of no more than 78% across his entire portfolio as a risk management strategy.

"By keeping my LVR at a maximum of 78% I reduce my risk, as the market would have to drop 22% over a period of time for me to be in the red. I then compensate for this potential drop by having positively geared property at an 11% return on a minimum two-year company lease," he says.

To protect his assets, and deal with the stress of being in debt to the tune of millions, he also has two

Michelle and Morgan at a development site at Port Hedland

months worth of mortgage repayments stashed away as a buffer.

"This has ensured me peace of mind and a great credit rating, which has helped secure further loans with mainstream lenders," he says.

"Having two months of portfolio repayments either in one account – or spread amongst all lending accounts – has allowed me to focus on other areas of my life such as family, social and career without having to monitor my loan accounts on a daily basis to make sure all payments are happening correctly."

The bigger picture

Morgan admits that his dedication to growing his property portfolio has at times been at the expense of these other important areas of his life. He now aims to lead a more structured and balanced lifestyle, allowing time for family, friends, and good old fashioned R&R.

He attributes his new outlook to attending property and personal development seminars and, if he were to do it all again, he would have started going to these seminars from the get go to help him keep sight of the bigger picture.

Getting involved in charity fundraising is another element of Morgan's life that he has been able to devote more time to. As well as supporting local charities (he recently took his 12-month old staffy, Titan, on the S.A.F.E Animal Rescue 'walk for paws' day – helping to raise $1,100 for dog shelters, food and equipment) he sponsors two children in Africa through World Vision, and intends to sponsor another child each year as his property portfolio continues to grow.

"Impacting local community and national charities with the money I make from property investment is my way of giving back to many of the places that built the wealth I have today," he says.

Closer to home, Morgan is encouraging his partner, Michelle, to follow her own entrepreneurial streak. When she completes her small business management course, he has agreed to stump up the funds for Michelle to follow her passion and start up her own business – in return for a 25% stake in the new venture.

"Property investment has allowed me to create a lifestyle for myself, my partner and family beyond what any one of us had at the time. I wanted to enjoy travel, achieving goals and personal success, all of which was made possible through property investment. I owe 110% of the enjoyable life that I live today to hard work and smart property investment decisions," he says.

Runner up

The property wizard

In six years, Evelyn Thomas has built a $2m property portfolio on a modest income through canny financial juggling and an obsession with detail. *Aidan Devine* reports

For Evelyn Thomas, investing in property isn't just a means to a financial end – it's a lifestyle choice.

Nowhere is this more evident than in her kitchen. Nestled among cupboards and counters, the 32-year-old former finance worker has erected a two square metre whiteboard map of Australia, detailing property hot spots around the country.

It may not be winning her any home decorating awards, but she says it has an important function. Aside from outlining her latest investment prospects in each state, it is a constant reminder of her property ambitions.

"I spend a lot of time in the kitchen and I believe that if you see and live your goals on a daily basis you will be prompted to act on them," she says.

It's an approach that is clearly paying off. In six years, Evelyn has amassed a $2m property portfolio that generates her $211,640 in rental income. It's an achievement made all the more remarkable by the fact that she started with no savings and a modest salary of under $40,000.

A self-described due diligence fanatic, she attributes her successes in property investing to a strong attention to detail and an unshakeable will to educate herself.

She regularly attends seminars and meetings and goes out of her way to spend time with people who share her mindset about the investment climate. She has an extensive collection of property books and magazines and keeps a journal filled with notes and helpful tips.

"I'm passionate about property in general, and make sure I never go into an opportunity blindfolded," says Evelyn. "I rely on a host of different information sources – including this magazine – but I also always conduct my own research. I think it is vital to double-check any information you get."

To say Evelyn's approach is meticulous would be putting it mildly. Aside from looking at the more well-known growth drivers of investment property – such as proximity to public transport, good infrastructure and a growing population – she analyses past trends, council by-laws and zoning restrictions.

State and federal government politics are also an important factor, as are local crime statistics, the economic climate and an area's history of market values. On top of this, she always tries to speak to the neighbours of a property to get a good feel for the area.

"When I get into a project, I live and breathe it every day," she says. "I think that the key to a successful finance portfolio lies in planning and knowledge. By being an expert in your finances and planning ahead, you will not only instil confidence in yourself, you will inspire confidence in lenders and other people."

Evelyn wins

A $6,712 prize pack consisting of:

- $500 cash!
- A 12-month PriceFinder 'Single' membership
- A 12-month Real Estate Investar membership
- A National Suburb Scorecard Report from RP Data
- A 12-month 'platinum' membership to NMD Data
- A depreciation report from Washington Brown
- *Building Real Estate Wealth in Changing Markets* DVD set
- 12-month subscription pack including *Your Investment Property, Your Money* and *Your Mortgage* magazines

Evelyn's portfolio

Location	Type	Purchase date	Purchase price	Loan	Current rent (monthly)	Current value	Loan repayment (monthly)	Cash flow per month
Blacktown, NSW	2-bed, 1-bath unit with garage	2007	$185,000	$166,500	$1,400	$310,500	$1,020 *	$380
Redlynch, Cairns, Qld	1-bed, 1-bath villa with pool and garage	2008	$223,000	$200,700	$1,000	$240,000	$1,300*	-$300
South Hedland, WA	3-bed, 2-bath house with pool and 3 car garage	2011	$590,000	$478,400	$5,800	$790,000	$2,264**	$3,536
Bomaderry, NSW	4-bed, 1-bath house with garage/shed	2011	$205,000	$194,750	$1,120	$235,200	$1,200*	-$80
Newman, WA	1-bed, 1-study house with	2011	$425,000	$340,000	$4,000	$425,000	$1,860**	$2,140
Totals			**$1,628,000**	**$1,380,350**	**$13,320**	**$2,000,700**	**$7,644**	**$5,676**

** interest only ** principal & interest*

Evelyn with husband Dale Thomas

Evelyn's top 5 tips for success

Evelyn's experiences with property led her to conclude that every good investment starts by following a core set of principles:

1 **Be thorough:** try to be very particular in what you look at. Don't look at any property in isolation. Look at the street, the suburb, the state.

2 **Your broker is everything:** make sure you have a mortgage broker with lots of experience in several types of deals. It's also important to build strong relations with your broker to help the overall process.

3 **Diversify lenders:** it cannot be overstated enough when it comes to investment – don't put all your eggs in one basket.

4 **Protect your assets with knowledge:** make sure all your assets are covered by property knowledge and always build on your experience. Contact local councils and ask for planning maps, get the low-down on all upcoming developments. In addition, concentrate on no more than three suburbs and attend auctions.

5 **Order your finances:** improving your finance structures can often improve your borrowing capacity. Get valuations on your properties, so that you know exactly how your finance application will pan out.

The first spark

Evelyn's love affair with property began when she was 24. "I remember thinking how much I'd love to get my hands on an investment property, but it wasn't an option at the time. I had to educate myself first. I knew the finance industry, but property wasn't something I was familiar with."

Her first priority was to learn the ways of a successful property investor. She attended seminars, bought books and spent her evenings scrounging websites for any property tips she could find. She didn't enter her first property purchase lightly. It took her a full three years to amass the confidence to start buying.

She started small. Her first property was a $185,000 two-bedroom apartment in Blacktown, NSW. Although she had no savings and was on a salary of less than $40,000, she purchased the property through some canny financial juggling.

She started by getting pre-approval for a home loan and negotiating an 11-month settlement on the property. She then took out a personal loan to cover the 10% deposit in the meantime.

"I paid the 10% deposit and was able to repay the loan within 11 months, then request a formal approval from the bank. In the meantime, my deposit was sitting in a trust with the agent, which gained me interest and was available to me after settlement."

A recent valuation on the property shows that she chose well. The property is now valued at $310,500, with its $350 weekly rent giving Evelyn a 9.84% yield.

Building bridges

When Evelyn made her first property purchase, she wasn't leaving things to chance. "I never had the approach that I'd buy a property and see how it goes. I knew from the start that this would be the beginning of something bigger. I set my mind to reviewing my strategy every three months, with a view to buying another property within eight months."

It was a plan that never saw the light of day. Despite such hardy ambitions, Evelyn eventually decided to put her property portfolio on the backburner and go travelling instead. As a result, she no longer had time to look at properties in Australia and it was almost two years before she bought another property.

> "My big challenge has been satisfying lender criteria. They tend to change rapidly, which can be an issue with areas I like to invest in"

"I'm glad I got the travelling out of my system. It set me back, but it allowed me to focus. By the time I was ready to buy another property, I had met my husband, who was also interested in property investing. Together, we set our sights on getting a new investment property."

Evelyn followed the Blacktown purchase up with a unit in Redlynch, Cairns, which she bought for $223,000. She says that while the opportunity was promising from the outset – there was a two-year rental guarantee and a long waiting list of prospective tenants – it highlighted a struggle that she continues to have.

"My biggest challenge has, and always will be, satisfying lender criteria. They tend to change rapidly, which can be an issue with potential areas I am keen to invest in."

In the case of the Cairns property, Evelyn was buying into a newly developing villa project. The developer was struggling to attract buyer interest and offered to pay a 10% deposit to get buyers in. Evelyn only needed to put in $1,000 of her own money as a holding deposit, which the developer would return on completion. However, she knew that this would not be well received by lenders, based on a view that developers don't always pay what they promise.

She overcame this hurdle by getting her parents to offer to stump up the deposit if needed. In the end, this was not required because the developer was true to his word, but it proved the first of many flaming hoops that Evelyn has had to go through to secure financing.

The next profitable deal

Evelyn's most lucrative ventures to date have been in WA suburbs South Hedland and Newman. Both are positively geared and are achieving yields of over 10%. Like with the Cairns property, getting a loan to finance them was a challenge, but Evelyn was able to overcome it by using unencumbered equity in her parents' house.

"Having these cash-flow positive properties added to my portfolio has allowed me to relax," says Evelyn. "They now pay all my property expenses, as well as my personal expenses, and I can now put my attention to other things, like starting a family."

In the meantime, Evelyn will soon be travelling to Kenya on a volunteer program with World Youth. Through the project, she will help build schools, houses and plantations and will teach English. She says that this fits into one of her larger goals of providing emergency housing for the needy.

"For the last four years I have been working for Mission Australia, a non-profit organisation involved in housing projects. I want to become involved with developments that help people going through a rough patch. I think we are all placed in this world to help other people in need and that's what I intend to do with my success."

Judges' comments

"Evelyn is fanatical about due diligence, market values, trends, council policies and zoning. In my view, these are all areas that investors should research before buying an investment. In Evelyn's case, it's not so much 'location, location, location' as it is 'research, research, research.'"
– Tyron Hyde, Washington Brown

"What stood out for me about Evelyn Thomas' activities was her ability to be involved in not-for-profit housing work and, at the same time, build an investment portfolio of some substance. These are two very different mind sets. The fact that she is able to do both concurrently is very admirable."
– Gavin Taylor, Metropole

"Evelyn may not have the biggest property portfolio, but she certainly has a big heart. Her work and investments all lead down one road – helping disadvantaged people. Starting with just $20,000, she has built an impressive property portfolio of over $2m in eight years."
– Rachel Barnes, Property Women

"Clearly a research driven investor, Evelyn keeps herself well informed about macro and micro market conditions and it seems from her investment portfolio that she has been able to pick investment locations that have provided both high capital gains and rental returns. It's very impressive to see someone who has planned their investment strategy 10 years forward."
– Tim Lawless, RP Data

"Evelyn has selected two of the strongest growth locations in Australia in South Hedland and Newman, WA. This offers her a solid platform to execute her strategy of buy and sell, then progressing to develop and sell. Her strong focus on infrastructure, public transport and market data ensures she manages her investment decisions in a calculated manner. Concentrating on only a few suburbs, getting to know the market street by street and contacting local councils are great strategies that anyone can follow."
– Kent Lardner, PriceFinder

Highly commended

Farmer sows property success

Farmer Paul Brooks was being battered by drought and the share market before ploughing headlong into property investment. Three years later he's impressed our judges by reaping over $1m in annual rent from a growing $10m portfolio. *Jon Tkach* reports

A few years back, farmer Paul Brooks was discovering that a decade of drought had dried out much more than his family's crops.

"I still loved the farm but we were making nothing, so the passion just starts draining out of it.

"When you're trying to make a living you must have passion and you must have income and without one or the other it just doesn't work."

To make matters far worse, Paul lost $400,000 in the Opes Prime Stockbroking collapse and feared that his farming operations would not be enough to support his family. He managed to free up about $500,000 by selling some water allotments back to the government and had considered using it to pay off some of his mounting debts.

"But, I started buying a few property magazines and I read a quote that really changed things for me by John F. Kennedy: 'There are risks and costs to a program of action, but these are far less than the risks and costs of comfortable inaction'."

Forty-six-year-old Paul has certainly been active since then. In less than four years he has boldly amassed a $10m portfolio and developed a sophisticated investment philosophy that has earned him an honourable mention in the fourth annual *Your Investment Property* Investor of the Year Awards.

Taking flight

Worried about his financial future, Paul took a few property investment courses and became a serious student of the craft, spending months reading texts and researching the Australian market.

"I got connected with an internet site and they only specialise in high cash-flow properties," he remembers. "This place Moranbah up in the mining towns near Mackay kept coming up, and they rang me one day and they said, 'we've got this property up in Moranbah and it promises 10% return. It's going for $600,000, but you've got to let us know by morning'."

Paul says he had no way of knowing whether the property was worth what they were asking, but was intrigued by the promise of good cash flow and had heard stories about investors striking property gold in mining towns.

"So, I actually fly a light aeroplane that I used to inspect my crops on a large property we used to own in NSW. Anyway, I couldn't sleep

Paul wins

A $3,364 prize pack consisting of:

- A 12-month Real Estate Investar membership
- A selection of myrpdata reports from RP Data
- *How to Grow a Multi-Million Dollar Property Portfolio*
- *Thriving Not Just Surviving in Changing Times*
- 12-month subscription pack including *Your Investment Property, Your Money* and *Your Mortgage* magazines

Paul's portfolio

Location	Type	Purchase / dev. cost	Current value	Rent per week	Rental yield	Profit
Moranbah, Qld	house	$475,000	$820,000	$2,350	25.70%	$345,000
Moranbah, Qld	house	$475,000	$820,000	$2,350	25.70%	$345,000
Moranbah, Qld	house	$475,000	$820,000	$2,350	25.70%	$345,000
St Kilda, Vic	unit	$765,000	$850,000	$670	4.60%	$85,000
Hawthorne, Vic	unit	$865,000	$865,000	$650	3.90%	$0
Traralgon, Vic	townhouse	$387,000	$418,000	$370	5.00%	$31,000
Gladstone, Qld	townhouse	$890,000	$890,000	$1,460	8.50%	$0
Yarrawonga, Vic	house	$512,000	$550,000	$520	5.30%	$38,000
Moranbah, Qld	townhouse	$360,000	$700,000	$1,650	23.80%	$340,000
Moranbah, Qld	townhouse	$360,000	$700,000	$1,650	23.80%	$340,000
Moranbah, Qld	townhouse	$360,000	$700,000	$1,650	23.80%	$340,000
Moranbah, Qld	townhouse	$360,000	$700,000	$1,650	23.80%	$340,000
Moranbah, Qld	townhouse	$360,000	$700,000	$1,650	23.80%	$340,000
Moranbah, Qld	townhouse	$360,000	$700,000	$1,650	23.80%	$340,000
Totals		$7,004,000	$10,223,000	$20,620		$3,229,000

Moranbah, Qld: $2,350 weekly rent

Flying solo

that night. I tossed and turned and I jumped in the aeroplane and flew up to Mackay.

"I actually left in the dark," he laughs.

Five hours later, he landed at the BHP airstrip in Mackay, more than 1,700km from his home on the NSW/Victoria border. He immediately called the property agent from the taxi, saying he wanted directions to the property so he could take a look. The agent was understandably startled, but Paul says that he was much more surprised by the agent's response.

"He said, 'we haven't built the place yet'.

"The idea is they sign you up and then they go and buy the land and build the house. And I said, 'so why do I need you?' We are off to a very bad start because there is no honesty in this relationship."

Going it alone

Paul ditched the agent, but found a lot to like in Moranbah and stuck around for a week to get a firsthand look.

"I learned from the course that a good idea was to meet with local officials and get some inside information, so I met with the town planner and he said, 'Look Paul, what people don't realise about this place is that it's land-locked.' He said, 'There's mining all the way around it and the town just can't expand outwards.'"

Paul's flight to Moranbah came in the middle of the financial crisis, but with more than 40 mines in the area and billions of dollars in new investment coming in, he saw a lot to make him believe the region was set to explode. Also, he says, the area's heavy coal production was a definite plus.

"Port Hedland and all those places were all iron ore, and now the first thing that stops when there is a financial crisis is building, which is directly related to iron ore." But he likes the area's coal activity, he says, because coal tends to be more of a necessity regardless of the economic cycle.

Paul also was pleased to see other mining operations thriving in the area including uranium nitrate, mineral sands and coal seam gas.

He certainly made the most of that short trip. By the time Paul climbed back into his cockpit he had snatched up three adjacent lots at $120,000 a piece and negotiated with a builder to put in nearly identical four-bedroom houses at a discount. Each house cost him just $475,000 in total, and he was more than happy with the projected $800 per week they would each bring in rent.

And Paul found himself even further ahead by the time they were completed six months later.

"The great thing about doing it all yourself, and I've read this time and time again, is that it gives you instant equity for yourself. You know, if I go and buy a house and land off of some bloke, everybody's had a cut out of it. The builder's had a cut, the developer's had a cut and the agent's had a cut out of it."

Paul laughs when recalling just what he accomplished because of that sleepless night and early morning plane ride. "You know, my builder later said, 'We don't know what that plane cost you but we reckon you paid for it on that trip.' And you know what? I actually figure it's been paid for 10 times over by now."

And the numbers might just bear him out. In the three years since, the weekly rents have jumped to $2,350/week, and the houses have tripled in value. On top of that, the capital and rental growth have helped him get financing to fuel the string of successful transactions that followed.

Diversification

"So while I had that, I thought okay, I've been naughty by going against everything that I've learned in the investment courses by putting all of my eggs in one basket, so I figured I better go down to Melbourne and buy a quality blue chip type investment to steady the portfolio, so to speak."

Paul says Melbourne sparked his attention because it was red hot at the time, and it is the closest capital city to his rural Victoria home near the NSW border. Also, he says, he heads down there quite often for footy and to visit his wife's family.

In fact it was one of those trips that led him to his next purchase. He had some downtime while waiting for his wife in the city's Hawthorn area and saw a sign announcing a new development.

"It was a really good little spot – it ticked all the boxes. So anyway, I rang the guy the next day," he recalls. The trouble was construction had not even started on the Hawthorn unit, but the builder said he did have one finished near the beach in St Kilda.

So Paul went down to take a look and liked what he saw.

"Come to think of it, he was a great salesman because I asked the guy, 'Now, if you were going to buy one, would you buy the one in Hawthorne or would you buy the one in St Kilda?'

"And he said, 'That's simple, I'd buy one of each.' And me being impressionable and a bit of a loose cannon I bought one of each."

Financing did become a bit of a sticking point for the long-time farmer, especially because, he jokes, he had never paid himself enough. He found that was easy enough to fix.

But he also found that the banks still wanted to see some more cash flow, so he decided to by a long haul truck after watching his brother do well with his own trucking company. It's turned out to be a good investment, but he was mainly after the boost that the cash flow would give his loan applications.

"So that gave me a little bit more horsepower to continue with. And I had no interest in trucks whatsoever and would never have bought one, but my true passion for this job [property investing] was really growing."

The combination of cash flow and capital growth made it easy for him to stick with the same bank, which was usually happy to bump up his portfolio line of credit. He says he knows most advisors tell you to spread your loans around, but Paul got sick of explaining himself to separate bankers and saw another plus to having his financing in one place.

"The good thing about a portfolio line like what I've got is that it is sort of like your own report card in that if you've done a good job and you've invested in the right areas and you've got good capital growth, the bar just keeps going up and up. But if you haven't done the right thing and you're not in a good area, the bar can go down."

And Paul proved time and again that he was doing the right things.

After changing things up a bit with the properties in urban Melbourne, he turned again to higher-growth mining centres for his next acquisitions.

In pretty quick succession he bought a simple house near Victoria's main coal generation facility in Traralgon and then set his sights on the rapidly growing Queensland port town of Gladstone.

But his research showed that the lower end of the market in Gladstone was slowing down, while he did see a shortage of high end units. So he went upmarket and picked up an executive rental the builder guaranteed would give him 9% yield.

Drawn to development

He says he has been very happy with the performance of the Melbourne, Traralgon and Gladstone properties, but it's hard to compare them to the magical results he got on his first go around.

"They are still performing quite well – there's steady growth. But then again you keep looking over the fence at the Moranbah properties – it's like that hot ex-girlfriend you had that one time, and you just can't forget about her."

And the allure has been too much for Paul to resist. He's just about to finish a six-unit townhouse development up in Moranbah that he projects will give him a 23% rental yield. Also, he's already had them valued at about two times what he paid to have them built. With those pretty hot results under his belt, he's putting together plans to develop another seven units on his latest lot in Moranbah.

He says that a lot of people have told him that he has done well enough financially now that he does not need to deal with the hassles of property development. But it is very clear that this farmer turned serious property investor still gets a thrill out of harvest time.

Judges' comments

"Paul Brooks has an honest and disciplined approach to his investment strategies. You can only admire his tenacity and his ability to redirect his life when, as a farmer, he was faced with going broke.
He has a balanced portfolio and entrepreneurial flair; this is a winning combination."

– John Kovacs, NMD Data

"A farmer who saw his assets and cash flow drying up with the drought took action to change his fortunes and move from victim farmer, to victorious investor. Paul has built an amazing property portfolio worth $9.5m in just two years by jumping ship with $500,000 and investing in very positive cash flow property earning rental income of $1m in two short years."

– Rachel Barnes, Property Women

"Paul took an informed risk buying into a mining town that has provided an ideal launch pad for his future investing. His timing couldn't have been better, buying at Moranbah just as prices were taking off and being smart enough to recognise the intrinsic lack of developable land would limit new housing supply. Eleven investment properties over two years must be close to a record. Well done!"

– Tim Lawless, RP Data

"If you're really going to make your own luck then the thrill is to start with nothing, whether it be a bare block or buying an old house and knocking it down. I like to start from scratch and go right through the development stage, getting the DA approval and everything else and actually turning nothing into something.

"I'm really enjoying it to the point where I'm not spending nearly as much time on the farm. I'm concentrating much more on this to the point where I'm happy and love spending three or four hours on the iPad researching properties, areas and rents and things like that. You know, it's not at all like a job."

Highly commended

The property powerhouse

With grit and guts, Gordon Thorpe has accomplished what many investors only dream of: building a $5m portfolio. His achievements caught the attention of our judges, who selected him as another candidate worthy of a commendation. *Aidan Devine* uncovers his story

Gordon Thorpe's property investment journey didn't start with seminars, workshops or reading bestsellers. It started with a job packing shelves at a local supermarket, and a girl who worked there who stole his heart.

"It was a match made in heaven," laughs Gordon. "She didn't want to work full-time for the rest of her life and I never liked the idea of spending my time at home washing dishes. Before you knew it, we were married."

Though Gordon was a student when they met, working nights to get himself through university, by the time he married future wife Gail, it was clear that their union would not be without its challenges. Foremost was their age difference. Gordon, now 35, is 20 years younger than Gail, 55.

"I knew that I'd have to get my skates on if I wanted to retire at the same time as her. I would be 40 when she turns 60, so I needed some way to ensure that I'd have enough time to spend with her. I thought the best way to do this would be through property investing."

Some nine property deals later, it would seem Gordon's plan is working. After buying his first property in 2000, Gordon is now sitting on a portfolio worth approximately $5m. He hasn't selected lemons either. His property investments earn him a cool $385,000 a year in rentals.

His property portfolio is also a perfect example of diversity. He hasn't just put his eggs in different baskets, he's bought different types of eggs. From commercial properties in regional centres to residential houses and units in mining towns and big city suburbs – all across NSW, Qld, NT and WA – it is clear that Gordon is spread as widely as a summer bush fire in a gale force wind.

It's certainly not bad for an investor who started with no savings and a nagging feeling of anxiety. "When you sign that first contract for a property deal, your heart is thumping out your chest. I've just been lucky to learn so much along the way. As I've gone through properties, each purchase has been structured and financed better. It's teaching me a further lesson that I can avoid in the next deal."

Now on track to retire in five years, the manager of a not-for-profit

Gordon wins

A $2,598 prize pack consisting of:

- A 12-month PriceFinder 'Single' membership
- A 12-month 'platinum' membership to NMD Data
- *What every Property Investor needs to know about Finance, Tax and the Law. Powerful Finance Tactics to Grow your Property Portfolio* DVD
- *The Australian Guide to Buying and Selling Your Home*
- 12-month subscription pack including *Your Investment Property, Your Money* and *Your Mortgage* magazines

Gordon's portfolio

Location	Type	Purchase date	Purchase price	Loan	Current rent (monthly)	Current value	Loan repayment (monthly)	Cash flow per month
Allambie Heights, NSW	Dual occupancy – 4-ed and 3-bed townhouse	Split into 2 in Jan 2000	$130,000 (reno costs)	$130,000	$2,200	$1,150,000	$870 (P&I)	$1,330
Allambie Heights, NSW	3-bedroom freestanding home with attached studio apartment	Jan-00	$437,000	$430,000	PPOR	$750,000	$2,887 (P&I)	-$2,887
Darwin, NT	Serviced apartment in Mantra Hotel – 2 -bed dual-key	Mar-04	$340,000	$363,000	$2,500	$460,000	$2,026	$474
Boulder, WA	3-bed townhouse	Jun-04	$120,000	$130,000	$1,300	$270,000	$870	$430
Goondiwindi,Qld	Fast food restaurant – commercial	Nov-04	$540,000	$560,000	$6,800	$800,000	$3,400	$3,400
Kalgoorlie, WA	3 x commercial retail shops	Apr-06	$840,000	$865,000	$10,200	$975,000	$8,700 (P&I)	$1,500
Casula, NSW – in trust	4-bedroom house	Nov-09	$452,000	$352,000	$2,200	$480,000	$1,884	$316
Fairfield, NSW – in trust	3-bedroom unit	Oct-09	$311,000	$249,000	$1,700	$340,000	$1,334	$366
Moranbah, QlD – in SMSF	3-bedroom house	Jun-11	$493,000	$345,000	$5,200	$500,000	$3,196 (P&I)	$2,004
Totals			**$3,663,000**		**$32,100**	**$5,725,000**	**$25,167**	**$6,933**

organisation in Sydney is looking forward to spending time with his family and travelling the country. Life might be just beginning when he turns 40, but there's every indication that it is going to be good – very good.

Getting to grips with investing

Like many property investors, Gordon had a shaky start. After getting married in 2000, he decided to go into a real estate venture with his brother. They borrowed against the unencumbered equity in their mother's house to buy a three-bedroom house in Allambie Heights, close to Sydney's northern beaches. This also secured financing for creating a dual-occupancy house on their mother's property – also in Allambie Heights.

The plan was that Gordon and Gail would move into the three-bedroom house, while the dual-occupancy would be rented out. As time went by, they would buy more investment properties and start building up a portfolio.

"It was a very basic idea back then," says Gordon. "I had this naive idea that if I could buy two investment properties in Sydney's northern beaches and simply hold onto them for seven years till they doubled in value, I could sell one and own the other outright."

Gordon realised the shortcomings of this strategy when he approached his accountant. Since both Allambie Heights properties were negatively geared, he was warned that no bank would lend him money for subsequent purchases. Then the unthinkable happened. His brother pulled out of the Allambie Heights purchases, leaving him to make the monthly loan repayments on his own.

He admits that it was not an easy start. "I was left in a bit of a tight situation financially and I almost came unstuck. I realised that I would have to change my approach in the future if I wanted to make this work."

Scaling the learning curve

Four years later and Gordon had learned some valuable lessons. "I'd been looking for my next property purchase for over a year and did a huge amount of research. I read lots of property books and attended free seminars. I eventually cottoned on to the idea of positive gearing and decided that this time I wanted something as safe as possible."

What he stumbled onto was a serviced apartment in Darwin going for $340,000. He tapped into some of the equity he had built up in his Allambie Heights properties and managed to secure a very favourable loan agreement. In the end, he says that the numbers simply stacked up.

"Most people suggested that serviced apartments were a no-go, but we did the research and it added up. It turned out to be a lucky break. It made money from day one. Not only that – the depreciation was really good, allowing me to leverage quickly into a second property."

Less than four months later, Gordon followed his Darwin purchase with a three-bedroom townhouse in Boulder, WA. The $120,000 property was purchased through a line of credit and rented out for $200 a week. It was

> By tapping once more into additional equity in his Sydney properties, Gordon managed to secure a proportion of the loan required at a home loan rate as opposed to the customary commercial rate

another cash-flow positive, clearing the way for yet another property purchase in 2004.

This time Gordon looked at Goondiwindi, a Queensland town on the border with NSW. With his Sydney purchases still "burning a hole in the pocket", Gordon was eager to acquire a commercial property. He soon learned of a Red Rooster that was up for sale and realised that the money it could make was too good to pass up.

By tapping once more into additional equity in his Sydney properties, Gordon managed to secure a portion of the loan required at a home loan rate as opposed to the customary commercial rate. It was another success story. With returns of 10.5%, Gordon says that it became a cash cow, through and through. Its success helped Gordon to settle on the strategy that guides his investment decisions to this day.

"We started with negatively geared properties and struggled, so now I always try to go for properties that are cash-flow positive, or at least cash-flow neutral. I also never, never cross-securitise. I buy properties by doing extensive modelling. The shortfalls in my portfolio guide the next purchase. If my portfolio is coming short in terms of capital growth, that's what I look for next. If it's cash flow – that becomes the next priority."

Becoming a master

Gordon's next purchases were a mixture of high growth suburbs and commercial real estate. He bought a strip of three commercial properties in Kalgoorlie, WA, in 2006, followed by a four-bedroom house in Casula, NSW, and a three-bedroom house in nearby Fairfield, both in 2009. His latest investment is a three-bedroom house in Moranbah, Qld, purchased in 2011.

Each purchase has seen Gordon become more resourceful in finding finance. Both the Casula and Fairfield properties were bought in trusts, while the Moranbah property was bought through a self-managed super-fund.

"I wish I had known about these options earlier," says Gordon. "That's what's been the hardest thing in buying property – I've got to the stage now where I've studied up on trusts, on company structures, I've studied up mortgages and the finance industry – it's finding out what I didn't know before that has always been the most difficult."

For future purchases, Gordon is exploring the idea of investing in more mining towns. He accepts that there is risk involved, but feels that his portfolio has developed to a stage where he can manage any unexpected developments. His eventual goal is to downgrade some of his portfolio to pay off the debt on his best-performing properties.

With his plans to retire at 40 well on course, it's no longer finances that Gordon worries about. "I'll be 40 and my wife will be 60 – I hope I'll be able to keep up with her."

Judges' comments

"Gordon's across-the-board ability is what distinguishes him [as an investor]. Investing may be said to be a combination of entrepreneurship and conservatism – you have to make and you have to keep – and in this, Gordon's all-round skills in building, managing and retaining his portfolio seem to me to [be] effective.

– Gavin Taylor, Metropole

"Gordon Thorpe is passionate about his investment direction and has built a strong, diversified property portfolio within the residential and commercial sectors. Knowledge has played a vital role in his property acquisitions, and he has a solid investment strategy in place."

– John Kovacs, NMD Data