Investor of the Year Award 2013

WINNER

Gordon Thorpe

Investment prodigy Gordon Thorpe's property acquisitions have helped transform him from the once manager of a not-for-profit organisation to a self-funded man of leisure. *Aidan Devine* finds out the secrets to his titanic success

Investor stats

Properties	16
Portfolio value	$7.7m
Net portfolio worth	$2m–$3m
Annual cash flow	$548,340
Start-up costs	Equity in mother's house
Investing for	14 years

In October last year Gordon Thorpe made one of the biggest decisions of his life. He had just shot a round of golf at Palm Springs and, while sitting in an after-match spa with mates, he was posed a question that stopped and made him think.

His friends were talking about his property portfolio and had become aware of just how much it was earning Gordon each year. For doing absolutely nothing he was getting an income stream six digits long and his friends put it to him straight. Why was he even working?

"I realised they were right," Gordon says. "I didn't need to work. I had accomplished everything I wanted to with property. That's when I knew what I had to do. I retired, aged 37."

Gordon adds that it has been one of the best things he's done. Since parting ways with his old job, life has been smooth sailing. His golf game is up and he has been flying around the country on holidays. He has also been able to spend more time with his family, and the future looks bright. From here out, any work he does will be out of choice, not necessity.

"My wife is 20 years older than me, so it was always my aim to retire by 40 if I could. It just happened a lot faster than I would have ever imagined."

With enough in annual rental income to support him and his wife, as well as his mother when she retires, Gordon's achievements with property have impressed our judges so much that he has been awarded 2013's Property Investor of the Year award – with all the bragging rights that go with it.

"I approached my retirement a little different to most. A lot of people look for a nest egg, a lump sum. I never looked for that. I looked at creating a passive income stream. I think that's what has made all the difference."

Gordon wins

As winner of the 2013 Investor of the Year award, Gordon wins a prize pack worth over $5,878, including:

- 12-month Real Estate Investar 'Premium' membership
- A selection of reports from Washington Brown
- A full depreciation report from Washington Brown
- A selection of reports from RP Data
- 12-month 'Platinum' membership of NMD Data
- 12-month membership of HomeSource Access
- 12-month subscription to *Your Investment Property* magazine

Gordon on winning

"I'm really surprised. When I was told I had won, I was sipping coffee in Gold Coast and was like a giddy school kid. I'm now hoping that this will help me approach the government to raise money for a not-for-profit organisation."

Finding motivation

From the start, Gordon's reason for investing was far more about others than himself. On the one hand, he wanted to be able to retire at 40 so that he could spend time with his wife, Gail, who would be 60 by then, but investing was also about creating a better life for his mother.

He viewed it as payback. When he was just three months old his father had left, leaving his mother to raise Gordon and his older brother alone. A high-school dropout with little support and living in a city she hadn't grown up in, Gordon's mother had had to work two jobs just for the family to get by.

"It was a bit tough. We didn't have much when we were young," Gordon says.

Eventually his mother put herself through law school and became a solicitor, but that too presented a problem. Working for herself, before the days of compulsory superannuation, Gordon's mother faced a retirement with little income.

"All she had was her house, her single asset, just sitting there. To get any value out of that in retirement she'd have to sell it. I figured that she had worked hard for it. She should be able to keep it."

What followed was a chain of events that led Gordon to where he is today.

His mother had agreed that she was certain to face a pension-driven retirement if they did nothing, which precipitated an agreement that has stayed in effect to this day: Gordon's mother accessed equity in her home to help him start a property portfolio, and in return he gifts her cash each week.

Gordon's start

With the plan in place, Gordon bought his first property in 2000 after recently getting married. Joining forces with his brother, they borrowed against the equity in their mother's home to purchase a three-bedroom house in Sydney's Allambie Heights.

Equity from their mother's house was also used to convert her home into a dual occupancy property – also in Allambie Heights. The idea was that one half of the dual occupancy would be rented out, while Gordon and Gail would use the three-bedroom property as their residence. From there, they would start looking at buying additional investment properties.

Gordon admits it wasn't the best of starts. He soon realised that he was too negatively geared to get additional loans from the bank for more properties. It didn't help either that his brother soon pulled out of the Allambie Heights purchases, leaving him to foot the bill himself.

"I was left in a tight financial situation," Gordon says. "I almost came unstuck."

Going positively geared

It took four years for Gordon's financial situation to recover. By then, he had resolved to change tactics. He vowed to never be so negatively geared again.

As mid-2004 rolled by, he picked up three properties in quick succession. The first was a serviced apartment in Darwin, which he nabbed for $340,000. The purchase was made with equity in his Allambie Heights properties, but because it made Gordon money from day one, he says he was able to quickly leverage into another purchase.

Four months later he settled on a three-bedroom townhouse in Boulder, WA, a mining community with high rental yields. This allowed his $120,000 property to be positively geared and cleared the way for his final purchase that year: commercial premises in Goondiwindi, Queensland.

"I was on Google one day and was just trawling through some of the websites of a few property services providers. They are prominent investment advisers today, but their businesses were in the early days back then.

Judges' comments

"By focusing on positively geared properties and using clever strategies, Gordon has created passive income and equity to both provide for his mother's retirement and his own – at just 37."

– David Hows, Real Estate Investar

"Well done Gordon. You've covered all your bases with good diversification of asset classes and lenders. I also couldn't get past how your mother helped you get started in property investing and how you've returned the favour by securing her financial future in retirement."

– Tyron Hyde, Washington Brown

Timeline

2000: Gordon and his brother use equity in their mother's home to build a dual occupancy house in Allambie Heights, but Gordon is left in trouble when his brother pulls out of the venture

2004: After being heavily negatively geared four years before, Gordon decides to learn from his lessons and purchases a serviced apartment in Darwin that makes him money from day one

2004: Four months later, Gordon ventures into regional Australia to pick up a three-bedroom townhouse in Boulder, WA

2004: As the year draws to a close, Gordon initiates his first of many commercial property transactions – the commercial premises of a Red Rooster

2009: Gordon becomes extra savvy by purchasing his first property in trust – a four-bedroom house in Casula, NSW

2012: With a property portfolio valued at $5m, Gordon gets a 'highly commended' mention at that year's Investor of the Year Awards

2013: Gordon retires from his job at age 37 – three years earlier than his initial goal of retiring at 40

2014: Gordon is crowned *Your Investment Property*'s Investor of the Year

Gordon's portfolio

Location	Type	Purchased	Price	Current value	Current loan	Current weekly rent
Allambie Heights, NSW	Dual occupancy – 4-bed & 3-bed townhouse	Split into two in Jan 2000	$130,000	$1,150,000	$130,000	$565
Allambie Heights, NSW	3-bed house with studio attached	Jan-00	$437,000	$800,000	$360,000	PPOR
Darwin, NT	2-bed serviced apartment	Mar-04	$340,000	$480,000	$415,500	$592
Boulder, WA	3-bed townhouse	Jun-04	$120,000	$280,000	$109,500	$300
Goondiwindi, Qld	Fast-food restaurant – Commercial	Nov-04	$540,000	$860,000	$510,000	$1,516
Kalgoorlie, WA	3 x commercial retail shops	Apr-06	$840,000	$1,050,000	$833,000	$2,477
Casula, NSW – In trust	4-bed house	Nov-09	$452,000	$490,000	$361,000	$510
Fairfield, NSW – In trust	3-bed unit	Oct-09	$311,000	$350,000	$249,000	$400
Moranbah, Qld – In SMSF	3-bed house	Jun-11	$493,000	$390,000	$300,000	$450
Hervey Bay, Qld - In trust	2 x commercial factory sheds	Sep-13	$590,000	$590,000	$598,000	$1,144
Cairns, Qld - In trust	Factory unit	Sep-13	$317,000	$317,000	$268,000	$615
Stuart, Qld (Townsville) - In trust	Commercial shed & 3-bed house	Oct-13	$971,000	$971,000	$971,000	$1,885
Totals			**$5,541,000**	**$7,728,000**		**$10,454**

Stamp duty? Bah! – How Gordon circumvents the tax

For his last four purchases, Gordon has got the vendors to pay his stamp duty by increasing his purchase price to include the stamp duty, and including a condition of sale in the contract stating that the vendor would fund the stamp duty.

If a house is selling for, say, $500,000, and Gordon wants to offer $450,000, he will tell the agent $450,000 is what he would have been prepared to pay, but he'll offer $465,000 instead. The catch is that the vendor must pay the stamp duty.

"I get them to pay because no bank will lend me the stamp duty and normally I'd have to pay it out of my cash," Gordon says. "If he pays the stamp duty, my full purchase price is just for the property; there are no add-ons. Basically, I get a loan for that equivalent increase.

"It's a win/win because after he pays the stamp duty he still gets what I would have paid anyway. It also counts as a cost of sale for the vendor, so he doesn't have to pay more capital gains tax."

"Their websites were giving out a lot of information about properties, but the houses were easy to find on your own because they were just copying and pasting text from the real estate ad. If you punched that text into Google you could usually find the building that was selling, so you didn't need to sign up for the website.

"Anyway, I saw a few things going up in Goondiwindi and looked at the place myself. On one of those trawling expeditions I found the premises for a Red Rooster."

Gordon says that purchasing this property has proved one of his best investment choices. "Goondiwindi is a little place. There are only 6,000 people, but it is at the crossroads of two major highways. There are four directions you can go from there but only one fast-food place. When I first bought the property it was returning 11.6%, net!"

Judges' comments

"Gordon shows plenty of entrepreneurial flair. Including commercial acquisitions has undoubtedly proved successful. The old adage of not putting all your eggs in one basket looks to be paying off. His strategy looks solid, with proven results."

– John Kovac, NMD Data

"Gordon's is a great success story from a standing start. From what I can gather, he is using some great negotiation tactics and some out-of-the-square scenarios like vendor-paid stamp duty. He has a formula that works and he sticks to it."

– Tim Lawless, RP Data

In fact, it was at Goondiwindi that Gordon's Google approach to investing – extended to property management – paid further dividends.

Having never been to the small Queensland town before, he one day got a complaint that there were problems with the roof of the property. An initial quote showed it would cost in the realm of $18,000 to fix. Not happy with the price tag for repairs, he decided to investigate in person.

Gordon drove up to the town on a weekend and climbed onto the roof to have a look. "I had a look where the leaks were and realised I didn't need to replace the roof. I looked up all the roofers in town and eventually got another quote. Four hours and $450 later it was done."

Commercial properties

Gordon's next purchases were a combination of properties in high-growth areas and commercial premises. These included a strip of three commercial properties in Kalgoorlie, WA, in 2006 – purchased using equity from his other properties.

Three years later, Gordon picked up his first two properties purchased in trust. He has since purchased another five this way. "I wish I had learnt about trusts earlier," Gordon says. "I read Ed Chan's e-book *Trust Magic* and learned how to structure a network of trusts, company trustees and our own loan company. It helps us manage our risk so much better."

For Gordon, it touches on a theme throughout his portfolio. "Nothing I do I've thought of myself. I'm the king of taking other people's ideas and copying them. In fact, I don't even read all that much. I think you can know everything you need to know about property investing by reading just five books – provided they are the right ones."

Gordon is also yet to pay for an investment seminar. Instead, he has purchased DVD box sets of the seminars online, which he says people often sell a few months after attending a seminar.

"In all those DVDs, I find that a lot of the presentation is spent entertaining the attendees with jokes and things like that and there's not all that much value. Maybe five minutes in every hour will have something useful. I'll hear about it and go, 'I can use that, and I do'."

Clever tricks

One of the techniques Gordon has adopted as his own centres around negotiation with real estate agents. "I find four or five properties in an area that are suitable, where the numbers work, and make simultaneous offers on them all. I tell the agents that we will take the first acceptance and the rest will miss out. Doing it this way, I put the pressure back on the vendors."

Considering that his last three purchases have been commercial properties, Gordon is also a big fan of finding leases that are about to run out.

"A lot of people are reluctant to pick up commercial properties, but I think they are vital for your portfolio," Gordon says. "What you have to keep in mind is that commercial properties are instantly more valuable with a long-term lease in place."

If Gordon finds commercial properties where the lease with the tenant will soon run out, he signs the contract of sale on the condition that the lease is renewed under terms negotiated with the tenant. If the lease has 12 months to run, he offers the tenant a one-year freeze on the rent if they renew their lease early. This way, he secures three- to five-year leases at settlement and then has the option of using a lease-doc loan for the purchase.

The future

Having got his property portfolio to 16 properties with a total value of $7.7m, Gordon expects that he might slow his investment activities down somewhat.

"I could work harder, buy more properties, and maybe eventually I'd have enough to get a $5m property on the water somewhere. That doesn't interest me. I have enough right now to do what I want. That's what retirement is all about."

Investor of the Year Award 2013

RUNNER-UP

Ryan Crawford

Ryan Crawford is the king of investing in emerging property markets, evidenced by a gargantuan portfolio of $32m, but the fact that he achieved it on a modest income is even more remarkable. He tells *Aidan Devine* the simple formula he has used to make money in some of the country's trickiest places to invest in

Investor stats

Properties	40
Portfolio value	$32m
Net portfolio worth	$15m
Gross rental income	$2.7m
Start-up costs	$10,000
Investing for	13 years

In late 2000, a 20-year-old Ryan Crawford stood on a Townsville roadside, oblivious to what fate had in store for him. The army man was dressed in a pressed shirt and trousers and was waiting, luggage slung across his shoulder, for the first cab to pick him up. Eventually one drew up and Ryan asked the driver to take him to the airport, settling into his seat to take in the sights of the city he then called home.

The cab driver started with familiar banter, feigning interest when Ryan said he was going to his hometown Perth for a visit. Then the taxi slowed to a crawl in traffic and Ryan got the driver's life story.

It turned out he had immigrated to Australia. He had brought his family there for a better life, but had arrived with little. Slowly, he had learned about property investing and, piece by piece, had built up a portfolio. As a result, his family had more freedom to travel and were enjoying a better lifestyle.

"His story really left an impression on me," Ryan says. "I remember thinking it was something I could do. That was it for me. I was on a mission."

Awoken to the opportunities property investing could unlock, Ryan took some bold moves. He left the army a year later, set up shop in the fitness industry in Perth, and bought a house.

"I was just 21, and had served four years in the regular army," Ryan says. "I saw property as the ideal long-term, secure-and-hold option for creating wealth. I didn't have a full understanding of how, when and where but I was very clear on why. I wanted to create a fantastic lifestyle for myself and my future family."

Fast-forward to today and Ryan's early beginnings seem hard to believe, given the phenomenal success he has enjoyed. The Perth native has gone from a modest first purchase to owning more than $32m in real estate. He has done this without a background in real estate development or a large pool of start-up funds. His initial deposit money was just $10,000.

For this jaw-dropping achievement, Ryan has been awarded Runner-up in 2013's Investor of the Year Award, a salute to his incredible property smarts, but he admits his success has come down to a strategy that is far from complicated. "I would consider myself not unlike anyone else," he says.

Ryan's first purchase

A journey of a thousand miles begins with a single step, and Ryan's foray into investment was no different. His first purchase was an old Housing Commission property in Redcliffe, an eastern Perth suburb close to the airport.

"I was so keen to become a property investor I jumped into an offer on one of the first places I viewed," Ryan recalls.

He adds it was going for a great price in an area of increasing value. Its proximity to the airport made it desirable for a lot of would-be tenants and it was about a 10-minute drive to the city.

With $10,000 deposit from an inheritance he had received when his mother passed away a few years earlier, Ryan purchased the $100,000 property on a 90% lend. It was an older-style brick and tile house with three bedrooms and required a lot of renovation work.

By his own admission "misguided", Ryan decided to do the renovation himself. After a month of stress and back-breaking work, the renovation was finished, but Ryan wasn't as satisfied as he had hoped he would be. "I remember swearing to never conduct another do-it-yourself reno again."

Learning the basics

Even though the reno had taken more of a personal toll than Ryan had expected, it had little effect on his feeling of triumph at owning property. He realised he had a new addiction. "After that purchase I felt on top of the world and ready for another as soon as I was able," he says.

Ryan still has the property today. After living in it briefly, he leased it out to a local family and has watched the rent and value climb considerably over the years. Its current value is around $450,000.

"My first purchase taught me the basics of investing," Ryan says. "It gave me lessons that would prove extremely valuable later in my investment journey."

The next step in that journey happened in the harbour town of Port Hedland, in WA's iron-rich Pilbara region. After holidaying there with family, Ryan learned a local gym was going up for sale and decided to buy it.

He moved to Port Hedland in 2004, and some months later went to a party at one of its oceanside homes. "I remember walking out on the deck, looking down over the water and thinking, 'Wow!' I was immediately besotted with the home and decided I'd buy it if it ever came up for sale."

That happened sooner than expected. Ryan got a call a few months later to advise that the owners were leaving town. The house hadn't been advertised yet, but there were already interested buyers.

Against his better judgment, Ryan asked the agent what other buyers were offering and said he would top that price. The next day his offer of $360,000 was accepted. Word spread that Ryan had purchased the property, and many local residents expressed their surprise.

"I soon found out that the price had set a new record for home sales in Port Hedland. The owner was ecstatic to have received so much for it. My excitement quickly faded into a serious case of buyer's remorse."

Pushing ahead with the purchase anyway, Ryan exhausted every avenue to make it happen. The sale required a 20% deposit and he used a combination of equity in his first property, savings from his fitness business and even a personal loan from his father at 10% capitalised interest a year to fund it.

"In those early days I set a stretch goal to have 10 properties by age 30 and retire. I was determined to purchase the oceanside property in the knowledge that it would form the base for the income-producing portfolio I planned."

Ryan wins

A prize pack worth more than $2,510 including:

- 3 full depreciation reports from Washington Brown
- A selection of reports from RP Data
- 12 month 'Platinum' membership of NMD Data
- 12-month membership of HomeSource Access
- 12-month subscription to *Your Investment Property* magazine

Getting down to business

By 2005, Ryan's ambitions took a serious turn. He decided to get more of an insight into the property market and boost his knowledge by becoming a local real estate agent. He also began to form the strategy and mindset that guide his investment decisions today.

"I read a book by author Steve McKnight entitled *0–130 Properties in 3.5 Years* and became interested in the concept of positively geared property investing. I began to search for markets around the country where I could find these types of investments and, in my search, I noticed the very region I lived in offered high rental returns. The resource towns of Port Hedland, Karratha and Newman were all offering around 10% rental returns per annum at the time. It provided a fantastic opportunity to test my positive investment model."

Between 2005 and 2008, Ryan and his wife purchased some 15 investment properties in Port and South Hedland. These ranged from rundown old villas and mining company accommodation to eight apartments in the town's only high-rise complex. Ryan was funding his purchases with a mix of equity and savings. Because he was self-employed he didn't have a steady income either.

"Entering the real estate profession gave me an understanding of the marketplace, investing dynamics and ways to purchase property, but the commission-only position provided its fair share of challenges with the banks."

In response, Ryan's strategy was to buy rundown properties and get professional renovators to spend a few weeks doing makeovers. By creating instant equity, this provided a means of leveraging into further purchases. Boosting rents also meant his cash flow was strong enough that he could continue to take on loans.

"Often, after initial renovations were completed we were able to lease the newly refurbished properties out to the corporate sector in some cases at a 50% higher rate than what the property was getting before purchase."

15 to 40 properties

As time has gone by, Ryan has expanded his approach by developing properties and stepping up the speed of his property purchases. One of his biggest challenges was accessing loans to grow his portfolio, especially after the GFC hit in 2008.

"Initially I was able to secure funding but, as the portfolio grew, it became harder. The turning point was aligning myself with a broker specialising in investment property. My broker was able to act as my advocate with the banks, unlock equity to purchase multiple properties at a time and shop around.

"Aligning with a broker saw my portfolio increase rapidly, through constant access to financing options and leverage. By 2010 I had established lending portfolios with all of the major banks and a number of smaller lenders. I now deal with over 10 lenders."

Ryan's success

Ryan attributes his success to having a plan and sticking with it. "Once I became clear about the results I wanted, it was easier to set a plan and follow through. There were many times I considered slowing down, and consolidating, but it was my focus towards the opportunities I wanted to create that kept me approaching the banks and investing."

With his goal of creating a large portfolio achieved, Ryan says he can follow the causes he is passionate about. Earlier in the year he participated in a televised boxing fight for charity and recently took part in the annual 142km long Cape 2 Cape ultra-marathon. He says these activities would not have been open to him without the passive income stream he gets from property.

Knowing what he does now, he isn't surprised at how big his portfolio has become. "Once you are comfortable with investing and debt, the opportunities are vast for a driven investor."

Judges' comments

"As Ryan's portfolio has grown he has come across challenges with lenders that could have slowed some people down but he has overcome all of these by creating strong relationships and structuring his portfolio accordingly."
– David Hows, Real Estate Investar

"Ryan not only rode the mining bull, he tamed it. Wow, 40 properties. Good points to take out of his story are to set goals, research your structures, negotiate with lenders and don't be afraid to take a good profit and run."
– Tyron Hyde, Washington Brown

Timeline

2000: Ryan first hears about property investing from a stranger while taking a cab ride

2001: Discharged from the army, Ryan joins the fitness industry in Perth

2001: Ryan purchases his first property in Redcliffe, WA

2004: After moving to Port Hedland, WA, Ryan purchases a gym

2004: Ryan's second property is a beautiful oceanside property in Port Hedland

2005: Ryan becomes a real estate agent

2005–8: Together with his wife, Ryan goes on a buying spree, purchasing 15 properties in quick succession

2009: Insulated from the GFC by high cash flow on his property portfolio, Ryan does more value-adding property deals, including development

2014: With 40 properties, Ryan is awarded Runner-up in *Your Investment Property*'s Investor of the Year Awards

Ryan's best purchases

Location	Type	Purchased	Price	Current value	Current weekly rent	Current yield
Port Hedland, WA	Oceanside house	2004	$360,000	Sold 2010: $1.85m	n.a.	n.a.
South Hedland, WA	3 x house and land packages	2007	$1,905,000	$3,300,000	$6,600	10.4%
South Hedland, WA	8 x units in same building	2006–9	$260,000–$330,000 (each)	$599,000–$650,000 (each)	$2,300–$2,500 (each)	20% (*on capital outlaid)
Port Hedland, WA	Development block	2009	$330,000	Sold 2011: $330,000	n.a.	n.a.
Port Hedland, WA	4-bed house	2006	$680,000	$1,200,000	$2,500	10.8%
Port Hedland, WA	5-bed house development	2011	$975,000	$2,000,000	$3,500	9.1%

Investor of the Year Award 2013

RUNNER-UP

Glenn Trainor

Fresh out of university, Glenn Trainor started his portfolio with the smallest of deposits, but his low-risk strategy has worked. Together with partner Michael Collins, he now owns nine properties and says that with a little imagination you can invest without scraping by

Glenn Trainor

Michael Collins

Investor stats

Properties	9
Portfolio value	$1.69m
Net portfolio worth	$646,000
Annual cash flow	$88,140
Start-up costs	$7,000 (+ stamp duty)
Investing for	12 years

Glenn Trainor has the answer to an interesting question. How do you build a $1.69m portfolio with a measly $7,000?

In an Aussie housing market famed for its high, or some would say "overpriced", property values, the 36-year-old Victorian has built wealth with incredibly little savings. His story is proof that even the most modest of financial investments can be used to build something more.

"When I first started investing I had just finished an internship. I was barely in the full-time workforce six months by the time I wanted to buy property, so there wasn't a lot I could afford," he recalls.

Glenn had first considered purchasing a home somewhere in his adopted city, Melbourne, but realised that property prices meant it wouldn't be an option. He decided instead to take a regional focus.

"I grew up in Ballarat so I knew the kind of prices they had there. I knew the suburbs; I knew what people wanted. Buying there made sense. I wouldn't be buying my own home in Melbourne, but at least I'd get a foot on the ladder."

Glenn laughs about the experience today. "I think back and I still can't believe I got a one-bedroom unit for $48,500," he says. "That money would barely get you a deposit on a house in Melbourne, but I still have that property today. It's more than doubled in value. It was a great start."

The first purchase

Glenn purchased his first property in 2001, choosing the Ballarat suburb of Alfredton. He knew the area well because of his Ballarat upbringing, but admits that there was little science behind the purchase. Wet behind the ears as an investor and just 23, he chose the unit simply because it was all he could afford.

He also felt it was wise to keep his financial commitments to a minimum. He was due to go overseas for work experience that year, and if something went wrong with the property there would have been little he could have done in another country.

"It was a leap of faith," he says. "I was soon to be packing my bags and going overseas, so it was all a bit nerve-wracking. I kept thinking, 'What if everything goes pear-shaped? What if the tenant moves out or the hot water goes?' I purchased the unit anyway and, looking back, it was the right thing to do."

Glenn adds that his investment philosophy was formed somewhat through that first purchase. "I speak to people now and tell them the biggest barrier to investing is waiting for the absolute best time to invest. That may never come. Eventually you have to do something."

As it turned out, Glenn's purchase went trouble free. He hired a property manager and the unit was without problems in the 12 months he was away.

In fact, the only issue he encountered was on purchase. Because the property was only $48,500 and Glenn was putting down $7,000 as a deposit, there was a concern that borrowing $41,500 would be too small for the banks to lend.

"It was such a small amount they had to check if it actually met their criteria," Glenn laughs.

Moving up

Glenn spent his time overseas working as a radiation therapist in hospitals across the UK, but fortunately he organised a leave of absence from his old Melbourne employer. This meant that when he arrived back in Australia in late 2002, he returned to a regular income that would help him continue building his property portfolio from the get-go.

He took full advantage. With some capital growth in his Alfredton unit, Glenn used his first property to leverage into a two-bedroom unit in Wendouree, a blue-collar suburb of Ballarat. He purchased this property just sixth months after returning to Australia. By this stage, it was 2003.

"It was an interesting purchase," says Glenn. "Wendouree is a very different area from where I had made my first purchase two years before. There is a lot more industry in the area and I think this time around I had a greater understanding of investment criteria. I looked at the public transport and the shops nearby. I paid attention to where residents would work. The property kept ticking more and more boxes."

The strategy remained intact. Purchasing the property for just $105,000, Glenn clung to his approach of buying cheap properties that required little in the way of money down.

Although it meant his portfolio of two properties wasn't worth all that much, at least not yet, Glen remembers a feeling of empowerment. "I had read somewhere that most property investors only purchase one property, some make it to two, but it is rare for someone to buy three. I felt that if I could get past two I'd be joining a unique group."

Breaking barriers

The same year that Glenn made his second purchase, there was another major development in his life. He met partner Michael Collins, 39.

A buyer in a retail office, Michael was unfamiliar with the property market, but Glenn says he slowly warmed to the

Glenn wins

A prize pack worth over $1,190, including:

- A full depreciation report from Washington Brown
- A selection of reports from RP Data
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- 12-month membership of HomeSource Access
- 12-month subscription to *Your Investment Property* magazine

Glenn on winning Runner-up

"All investors have different objectives and invest for different reasons, but it is nice to know where you stand. Entering Investor of the Year has been a good way for us to take stock of everything we've done. Getting this accolade has been fantastic! People are genuinely pleased for us. It's made us go: 'You know what? We should give ourselves a pat on the back.'"

idea of investing in property. "I think a big portion of what you learn in property investing is through experience, and it's interesting to see other people learn about it and go through the same process that you went through."

Deciding to purchase investment properties together, the couple embarked on Glenn's next purchase as a team. In 2006, they used a combination of savings and equity gained in Glenn's first two properties to purchase in Redan, Victoria – an inner suburb of Ballarat.

"The capital growth in my other properties had been modest, but consistent. In a relative sense, it was enough to look at purchasing a property in an inner-regional area. If we were looking to get capital growth in a regional area to purchase in a capital city, it wouldn't have worked.

"The strategy was to use regional properties to buy regional properties. Approaching the purchase that way, we had enough to purchase the Redan property, which was $168,000."

Even though the purchase price was still relatively low by capital city standards and the strategy had stayed the same, Glenn remembers feeling as if he and Michael were making a departure from what he had bought the two times before.

"We purchased this two-bedroom villa. It was effectively a small, stand-alone house and was more attractive than the others I'd bought. It had a yard and was more spacious. It was also newer. It was the first one we had where we would really factor in depreciation.

"We learnt a lot in terms of what happens when you start looking at those tax deductions. Cash flow wasn't about just looking at the rent coming in. It was now taking in a wider approach where we were looking at tax too."

The future

In all subsequent purchases, Glenn says they have learned a lot more along the way as issues and challenges have emerged. It has helped to confirm his belief that the best way to learn about property investing is by taking action.

"When I started, I did it all by myself. All I had done was read up a bit about property. Then I got knowledge through experience.

"When Michael and I met, he had no knowledge or background in it and it was fun developing that knowledge and understanding in him through what we were both doing. I think you have to learn through the act of investing itself.

"And learning is the most important thing. Investing is not about having a huge bank account or winning the Lotto. It's about knowledge. It's about understanding the process and being informed. Through every transaction you can learn something. We still approach things with an open mind."

The couple are now branching away from their initial strategy of purchasing in regional centres. In 2009, they bought their first property in the Melbourne area – a two-bedroom villa in Frankston – and in 2013 they decided to purchase off the plan. Glenn admits he doesn't know whether the latter purchase will turn out to be a good one (it is still to be constructed), but feels it's been important for him and Michael to take that step anyway.

Into the future, the couple are hoping their investments will secure them the lifestyle they have always wanted.

"Neither of us wants to work until we are 65. We're both currently enjoying our jobs, but want to get to that stage where if we don't want to work we don't have to.

"That's the thing. We enjoy life. We like to travel and spend time with friends and family. That doesn't come free. We're hoping our properties will continue to do that for us, but we've never treated investing as a get-rich-quick scheme."

Judge's comment

"Glenn's conservative and balanced approach has allowed him to set up a strong foundation for future growth. Equity and patience are fundamental in today's property market and, as Glenn puts it, 'it's not a get-rich-quick approach'. I have no doubt this strategy will lead him to financial success."

– John Kovack, NMD Data

Timeline

2001: Glenn purchases his first property just six months into full-time employment and on the verge of embarking on a work stint overseas

2002: While working in the UK, Glenn realises the value of having a property manager sort out tenant and property issues

2003: After returning to Australia, the then 25-year-old purchases his second property in Wendouree, Victoria, a suburb of Ballarat

2003: Glenn meets partner Mike and they decide to make all subsequent purchases together

2009: The pair make their first investment in a capital city suburb, choosing gentrifying suburb Frankston

2010: Nabbing their best deal to date, Glenn and Mike score a complex of units and take advantage of the opportunity to 'buy in bulk'

2013: Purchasing off the plan, the pair conclude their ninth property purchase

Glen's portfolio

Location	Type	Purchased	Price	Current value	Current weekly rent	Current yield
Alfredton, Vic	1-bed unit	2001	$48,500	$140,000	$140	5.2%
Wendouree, Vic	2-bed unit	2003	$105,000	$180,000	$175	5%
Redan, Vic	2-bed villa	2006	$168,000	$220,000	$210	4.9%
Wendouree, Vic	2-bed unit	2009	$145,000	$190,000	$170	4.6%
Wendouree, Vic	1-bed unit	2009	$112,000	$140,000	$160	5.9%
Frankston, Vic	2-bed villa	2009	$213,500	$260,000	$265	5.3%
Wendouree, Vic	Block of three 1-bed units	2010	$325,000	$420,000	$430	5.3%
Wendouree, Vic	1-bed unit	2011	$128,000	$140,000	$145	5.4%
Off-the-plan unit	Not yet built	2013	n.a.	n.a.	n.a.	n.a.
Total			$1,245,000	$1,690,000	$1,695	

Investor of the Year Award 2013

HIGHLY COMMENDED

Elaine Chase

Elaine's gutsy determination to rectify a shady start to her investing has left our judges suitably impressed. *Miriam Bell* finds out how Elaine conquered considerable setbacks to gain eight properties and a net worth of $1,610,000

Investor stats

Properties	8
Portfolio value	$3.73m
Weekly rental income	$2,610
Net worth	$1.62m
Start-up costs	$85,000
Investing for	10 years

Bad advice and information from a shady property shark would put many people off pursuing their property investment goals. But not Elaine Chase. Instead, Elaine and her partner, Tania Ravbar, resolved to move onwards and upwards from their dealings with the shark they encountered.

They did so. And how! With a portfolio of eight properties, valued at $3,730,000, the Melbourne-based couple now has a net worth of $1,620,000. Further, Elaine has just received a "highly commended" mention in *Your Investment Property*'s 2013 Investor of the Year competition.

When they met about seven years ago, Elaine and Tania decided that property investment was the best way to prepare for a secure financial future. Unfortunately, they encountered the shark, which meant their first purchase [in Point Cook] did not prove to be the success they had hoped for.

"We ended up buying a property off the plan," Elaine explains. "By the time the house was ready there was such a large supply of other new properties available for rent we could only rent it out for $300 per week. It also took three months to find tenants, as there was a 12% vacancy rate … The house had dropped around $50,000 in value."

Elaine wins

A prize pack worth $800 including:

- 2 Special Report packs from RP Data
- 12-month 'Platinum' membership of NMD Data
- 12-month membership of HomeSource Access

However, Elaine was not put off by this disaster. She realised she did not have the knowledge required to make calculated property investment decisions, and she decided to rectify that. She embarked on a serious study of property investment.

"I read property magazines and books, and learnt as much as possible," she says. "At some point, I listened to a Sam Saggers CD and discovered positive gearing, which is the way to go. Before that I thought that you had to have negative gearing."

Elaine's research taught her that education is the key, she says. "Learning about markets, growth, supply and demand and the like gave me the confidence and self-belief to continue with property investment."

Aiming for security

Continuing to pursue their property investment dream was important to Elaine. At the time, she and Tania were on relatively low incomes – with little superannuation and three kids to support – and were focused on the financial future.

Her mother and father retired early 15 years ago and did not qualify for pensions as they had saved hard in super and term deposits, she explains.

"Within 10 years they qualified for the pension. We wanted greater financial security and freedom in our retirement."

As the couple had both invested in property before, they knew how well it could pay off.

Elaine had purchased her first property, in Wyndham Vale, Melbourne, in 1989 when she was just 21. Financed from a combination of $20,000 savings and money borrowed from her parents, it cost $80,000 and had no carpets, curtains, fences or garden.

Property prices were going through the roof at the time, and interest rates were 17.5%. Six months later the market crashed and her property was worth around $50,000. She held on to the property and, after receiving dire predictions on its likely resale value from agents, rented it out for many years.

Eventually, she was able to sell it for $179,000. "As a result of this experience, I realised that if one buys and sells property at the right time one can make good money."

Judge's comment

"From humble beginnings, Elaine has built a substantial level of wealth. Her portfolio is diversified regionally, which suggests she has done a great deal of research into regional markets where capital gain prospects have been strong. Her strategy is very clear and diversified – which offers her some inherent protection."

– Tim Lawless, RP Data

By the time she met Tania, Elaine had purchased, renovated and then sold several more properties. They were all primary places of residence rather than investment properties, but each purchase contributed to the construction of her knowledge base.

Overcoming fear

These experiences also provided her with the resolve and, ultimately, the resources to persevere when the shark struck, with negative impact, on Elaine and Tania's first joint purchase.

Property investment has a lot to do with combating fears, she says. "Fear is the four-letter word that stops you in your tracks. The challenge is always your mindset and your belief in yourself. You need to control your fears and not let them control your destiny."

Coming into the relationship, they had owned a property each. This meant that, in the wake of that first investment, they were able to refinance one of these properties. They decided to rent out their Werribee house, and they also took $85,000 equity out of this house to buy two more properties.

"We were then able to build up equity in these properties in order to finance further investments," she says. "We have subsequently been able to finance all our purchases with a combination of savings and getting equity out of our existing properties."

Taking away lessons

One of the next properties Elaine and Tania bought turned out to be their most successful investment overall.

Early in 2011, Elaine found a house in Tamworth, NSW, that she wanted to buy. It was on the market for $175,000 and was rented out for $230 per week.

Elaine's portfolio

Location	Type	Purchased	Price	Loan amount	Current value	Weekly rent	Current yield
Burwood, Vic	4-bed house	Owned	$850,000	$220,000	$1,200,000	PPOR	–
Werribee, Vic	3-bed house	Owned	$270,000	$250,000	$380,000	$300	6.2%
Point Cook, Vic	4-bed house	Feb-11	$420,000	$335,000	$380,000	$320	5%
Tamworth, NSW	4-bed house	May-11	$125,000	$121,500	$200,000	$240	10%
St Marys, NSW	3-bed townhouse	Dec-11	$260,000	$237,250	$350,000	$360	7.9%
Gladstone, Qld	2-bed townhouse	Jun-12	$305,000	$277,850	$340,000	$430	8%
Fairfield, Qld	3-bed townhouse	Sep-12	$420,000	$384,000	$500,000	$510	6.9%
Quinns Rocks, WA	3-bed house	Apr-13	$365,000	$352,700	$380,000	$450	6.6%
Total			$3,015,000	$2,108,300	$3,730,000	$2,610	

The couple put in an offer for $120,000, but were told the owner wanted about $40,000 more. They told the agent they would think about it, but he then contacted them several times with lower prices. Eventually, they put in an offer of $125,000, which the owner accepted.

However, celebrations did not start right away because they had learnt about the 'gazumping' process in NSW. 'Gazumping' means the owner has the right to take a higher offer, despite verbally accepting a lower one, up until a contract is signed [with the original buyer].

In this case, three days after the couple's offer was accepted, another offer of $135,000 was made for the property. When they learnt this, they told the agent that $125,000 was their final offer and that they were intent on closing the deal at that price. Their tactic paid off: within hours the vendor had decided to go with their offer.

"This transaction taught me that you can get great discounts if you are persistent and patient," Elaine says. "It also taught me to stick to my guns: there will always be another property deal, and that if this one didn't succeed another one would."

Intensive selection criteria

When looking for properties, Elaine employs a three-pronged strategy.

Her first preference is for a high-yielding property (9–10% yield) in a large regional city, and one that is less than 20 years old unless it has been fully renovated. "Banks will look favourably upon this for future purchases as the positive yield will increase your annual income," she says.

Secondly, she looks for high-yielding properties (6.5–7.5% yield) that are less than 10 years old and as close to a capital city as possible. "They must be walking distance to a train station and close to employment areas. Also, they must be in an area that has people moving there because jobs are being created, and this must be sustainable."

Thirdly, she looks for high-yielding regional properties (7%-plus yield) with good exposure to the mining industry. "Proposed projects have to have been accepted, and it must have three other industries besides mining that also support the city," she says. "Although with any mining town investment, you have to be prepared to ride the wave."

Her property selection criteria include vacancy rates under 2%, areas with low supply but high demand, infrastructure developments, close proximity to transport, and properties that are not too old. Also, she prefers properties to be spread over different states because "you shouldn't have all your eggs in one basket".

Ultimately, Elaine believes it is all about finding the right property in the right place at the right time. "Educate yourself on how to do that. You don't have to be a rocket scientist. Anyone can build up a good portfolio with a bit of research, self-belief and the right mindset."

Understanding supply and demand

A crucial part of finding the right property is learning how to work out what the growth is in a market. The ability to identify good growth in a

Timeline

1989: Elaine undertakes her first ever property purchase in Wyndham Vale, Victoria

Feb 2011: Elaine joins forces with partner Tania and together they purchase in Point Cook, a western suburb of Greater Melbourne

May 2011: The pair conclude their most successful property transaction to date, a house in NSW's Tamworth that they scored for a significant discount

Dec 2011: Another property transaction shows Elaine just how important an effect vendor motivation can have in a property deal

2012: A further purchase sees Elaine and Tania venture into Fairfield, Queensland, where they discover a great opportunity

2013: Elaine begins work as a mentoring coach, using her experiences to help other investors navigate the property market

market is the key to building a fantastic portfolio, she continues.

"You definitely need to know about supply and demand factors: why people are moving into an area, whether jobs are being created, if those jobs are sustainable, what is going on generally: is the area in a bit of a lull, or not, and even whether too many jobs are being created (because that will drive up prices)."

Elaine emphasises that she is a big believer in supply and demand. "That's what it is all about. Anyone who wants to build up a good portfolio has to know about the supply-and-demand factors of an area. They have to do extensive due diligence and find out."

However, it is important that investors realise it is capital growth that best builds a portfolio. Good rental yields above 6% are always desirable, but you need the capital growth too, she says. This is because without equity gained in an investment property, it is difficult to build a successful portfolio.

"If you have to wait 10 years for that equity, then time will work against you and you will not build a very large portfolio. Whereas if you can build equity in two to three years and refinance to release that equity, you can continue to grow your portfolio.

"Save $30,000 or more every year and you can purchase one property every year. This would be nearly impossible unless you were a very high-income earner."

Judge's comment

"Elaine has the right approach to expanding her portfolio in today's market. Yield is vital. Growth will come! Her focus on diversifying lenders is very important. It spreads the debt and allows the potential to borrow more. She is well on her way to achieving financial freedom."

– John Kovack, NMD Data

Words of wisdom

Elaine has plenty of good advice for would-be investors, including these tips:

- Ensure finances are structured properly
- Put in place a raft of risk management strategies, like lender diversification, asset protection through buffer accounts and insurance, fixed interest rates, and having an exit strategy
- Identify and focus on either cash flow or growth in an investment strategy
- Know which type of market best suits which investment strategy

Finally, she says she would not have started out with a principal place of residence. Rather, she would have purchased properties that produced rental income and rented herself. "Those properties would have well and truly performed for me over the years... And I would be able to purchase a principal place of residence outright if I wanted to."

Back to the future

This year, Elaine took her passion for property to a new level when she started working as a mentoring coach for Positive Real Estate. They approached her to do it because they – rightly – thought she would be bored when she left her old job late last year, she says.

"I am enjoying teaching people the strategies necessary to build and control a successful property portfolio. It is what I love doing: helping people achieve their dreams."

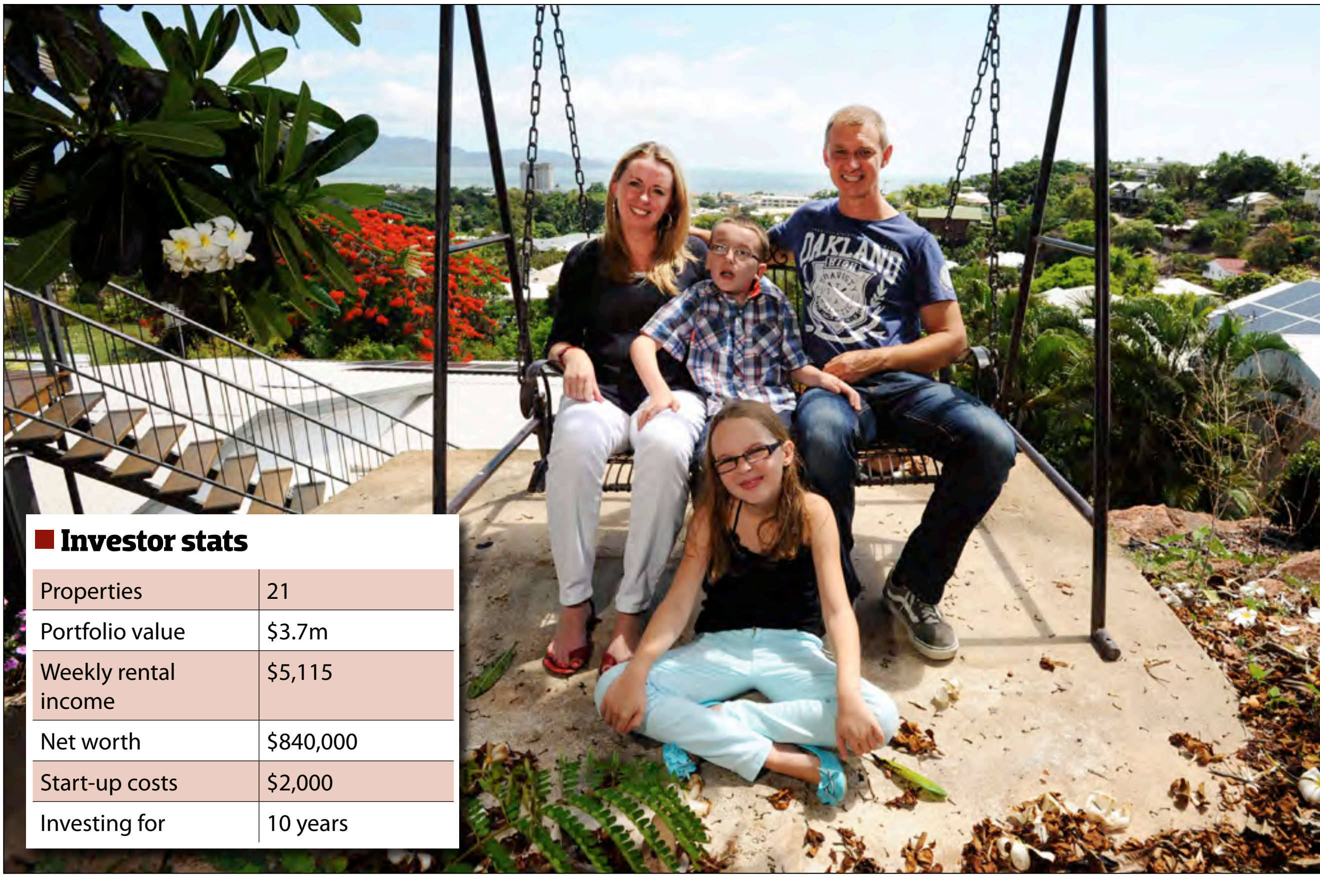
Elaine plans to continue investing herself and would like to buy another property in the next year. Her goal is to end up with about 12 to 15 properties, although she might sell a couple later on to release more funds. "Our end plan is to become grey nomads and travel around Australia, sightseeing, in a caravan," she says. "We just have to wait until all the kids have left home."

Investor of the Year Award 2013

HIGHLY COMMENDED

Peter McRae

Peter McRae did not buy his first investment property until he was 34. He is now 44 and together with his wife owns 21 properties spread throughout Australia and the US. How did they build his massive portfolio in just 10 years? *John Hilton* finds out



■ **Investor stats**

Properties	21
Portfolio value	$3.7m
Weekly rental income	$5,115
Net worth	$840,000
Start-up costs	$2,000
Investing for	10 years

Peter McRae must be the busiest man in Australia. Between family, work, property, travel and Ironman triathlons, it's a wonder he has time to sleep.

But up until 10 years ago, his life was nothing like what it is now. Peter was working as a clinical psychologist with the mental health services in Newcastle when he realised the time had come to focus on his financial future.

"My son was born with global developmental delay and has now developed autism. So there was the fear of not being able to afford all the help we needed," he says.

"I began the investing journey not long after he was born. It acted as a trigger to jolt me into securing my financial future."

Peter set himself a goal. By age 50 he wanted financial independence, not so much because he wanted to retire but so that he could at least have the freedom to do so at that age.

Consequently, he turned his attention towards property investing, which he saw as the safest investment class.

"For me, shares are a bit too volatile. And with property I like the sense that there's a stable income from rent," he says. "In fact, I see rent as more stable than your wage because you can lose your job any day and it might take a while to find another one, but rent consistently flows in."

Starting strong

The year was 2003 and Peter had just made up his mind that he wanted to be a property investor. Next he had to work out where he would buy, what he would buy and how he would buy.

Given his financial circumstances at the time, Peter went on the hunt for a cheap property with good rental returns. This led him to Launceston in Tasmania

Peter wins

A prize pack worth $500 including:

- 2 Special Report packs from RP Data
- 12-month 'Platinum' membership of NMD Data
- 12-month membership of HomeSource Access

Timeline

2003: Peter purchases his first two investment properties in George Town and Launceston in Tasmania

2005: He makes his most successful purchase, a unit in Kalgoorlie, WA. It has more than doubled in value since then and currently boasts a 16.17% yield

2006: Peter changes his strategy from buy and hold to developing a way to pay off his PPOR

2012: He uses the equity in his portfolio to purchase a new PPOR, which is his dream home

2013: Peter purchases nine properties in the US

Judge's comment

"Peter has a great story to tell of setting goals to protect the future of his family. By choosing property as a stable asset class he has sought to ensure long-term financial security. He has diversified the locations of his purchases around Australia and now the USA, and he is well aware of the risks involved. Additionally, he has started investing in cash flow positive properties to increase his equity. Well done on the Launceston purchase; it's good to see family working together and achieving their goals."

– Tyron Hyde, Washington Brown

and it was there that he met professional investor Paul Wilson.

"Paul became my mentor and helped me get my initial properties up and running," says Peter. "He was a godsend to me and is still a good friend today."

Peter bought two houses in Tasmania, one in George Town and one in Launceston, for $100,000 and $123,500 respectively. "The Launceston one was an old 1969 property and when I bought it the house was pink," he says. "It was pretty ugly."

Peter purchased them by using the equity in his PPOR (principal place of residence), with separate loans for each of the purchases.

"It was a bit daunting because I had a reasonable debt on my own home and I had to think about going into further debt," he says. "I was scared to an extent but I told myself that this is good debt which helps you along the way."

He still owns both properties today. The house at George Town has increased in value to $157,000 and has a healthy yield of 10.4%, while his Launceston property is now valued at $200,000, thanks partly to a $25,000 renovation in 2008.

Rapid expansion

Once Peter had two properties and his PPOR to leverage from, he had the borrowing power to expand even further. And that's exactly what he planned to do.

In 2005, he added four more properties to his portfolio, one of which was a three-bedroom, two-bathroom unit in Kalgoorlie, WA.

Peter bought the property for $119,000, and it is now worth $250,000. For this reason, he cites this transaction as his most successful to date, not to mention the fact that it has a whopping rental return of 16.2%. "That property has been cash flow positive from day one, with high depreciation benefits. I have had that eight years and I still haven't seen it."

Indeed, buying sight unseen has become one of Peter's secrets to success. He still hasn't seen any of his properties in the US and a lot of his purchases in Australia.

"You can get emotionally involved when you see it," says Peter. "If you don't like something about the kitchen, you might start to think that you don't want to buy the house.

"But at the end of the day, the only thing that's important is the numbers. So being a bit detached from it has actually helped me quite a bit, I think."

Strategy detour

In 2006, Peter decided it was time for a change of direction. Having amassed a portfolio of eight properties, he decided to change from a buy-and-hold strategy to one that could see him pay off his PPOR in Newcastle, NSW.

It was then that Peter discovered that a buyer's agent had a block of four conjoined units in Launceston on his books. He liked the idea, but he couldn't afford them. But luckily for Peter, he realised he could pay for them by setting up a joint venture with his brother.

So they bought the properties for $407,250 and began strata tiling and renovation. When the renovation was complete within two months, the rental figure increased from $120 to $185 per week for each unit.

"The strata tiling process was not straightforward," says Peter. "It took 18 months to complete the process to have the properties fulfil council requirements."

When the process was finally complete, the properties were valued at $170,000 each, which added up to $680,000 in total – an equity gain of $270,000, with just $100,000 spent on renovation and strata tiling costs. In 2007, Peter sold two of the units for $170,000 each and consequently was able to pay off his PPOR.

"We had done some diligent paying

A dream come true

Despite acknowledging that he won't be able to realise the full benefits of property until he retires, it has made one of Peter's dreams come true. In 2012, the equity in his portfolio allowed him to purchase a beautiful three-bedroom home in Townsville, with a magical view of Magnetic Island.

"This is something we would not normally have been able to afford," says Peter. "However, with the freedom to sell some properties and draw on equity from others, we were able to realise our dream. Without it we would have found ourselves in a position of selling our previous residence below market value or being unable to move."

down of our home loan prior to this, but to pay out the final $120k on what turned out to be an 18-month project was well worth the work that was put in," says Peter. "It also gave us further equity to invest, boosting our leverage into further properties."

American ambitions

As Peter's portfolio continued to grow, he started becoming more aware of the importance of cash flow and that this was starting to drop off. Accordingly, he made it his goal to not buy any properties with a yield below 6%.

Peter's solution was to turn his attention to the US and the higher yields available there. In 2013 alone, he has bought nine properties in the US, including six in Detroit.

"Some of those places, particularly those in Detroit, have got around 25% return on them," says Peter. "There is a lot of negative press about Detroit, but I have researched it enough to know that it is still a good investment area for the long term."

Peter has been able to link in to Section 8 Tenants, who are people on a waiting list for housing. But it has not always been a smooth run.

"I have really had to stretch to get some of these purchases done," he says. "I've had to set up a super fund and be resourceful in finding a company that would do loans in the USA."

Peter has also bought properties in Kansas City, Atlanta and North Dakota. The latter, he says, he got into because they have just found oil there.

"I missed out a lot on the northwest Western Australia stuff too, so I thought I would have a bit of a crack at that one."

All of Peter's properties in the US range from A$39,000 to $95,000, and the rental returns go as high as 45.38%. And if there is one thing he has learnt from his experience there, it has been the importance of buying under a company structure.

"In purchasing in the USA recently, the point was rammed home how important it is not to purchase an investment in your own name," Peter says. "All purchases

Peter's portfolio (All prices in A$)

Location	Type	Purchased	Price	Current value	Current weekly rent	Current yield
Newcastle, NSW	4-bed house	Sep-02	$427,000	Sold for $585,000 in 2011	n.a.	n.a.
George Town, Tas	3-bed house	Sep-03	$100,000	$157,000	$200	10.40%
Launceston, Tas	3-bed house	Sep-03	$123,500	$200,000	$300	12.63%
Launceston, Tas	2-bed house	Oct-04	$101,000	$130,000	$210	10.81%
Cairns, Qld	2-bed unit	Nov-04	$82,000	Sold for $100,000 in 2006	n.a.	n.a.
Kalgoorlie, WA	3-bed unit	Feb-05	$119,000	$250,000	$370	16.17%
Whyalla, SA	3-bed house	May-05	$75,000	$150,000	$190	13.17%
Ayr, Qld	3-bed house	Jun-05	$88,000	Sold for $160,000 in 2008	n.a.	n.a.
Brisbane, Qld	3-bed house	Aug-05	$160,000	$250,000	$320	10.40%
Launceston, Tas	Block of four 2-bed units	Apr-06	$407,250	2 sold for $340,000 in 2007; 2 left – value $380,000	$430	7.17%
Adelaide, SA	3-bed house	Mar-07	$145,000	$190,000	$255	9.14%
Adelaide, SA	3-bed house	Mar-07	$145,000	$180,000	$230	8.25%
Hervey Bay, Qld	Duplex	Oct-07	$540,000	Sold for $474,000 in 2012	n.a.	n.a.
Townsville, Qld	3-bed house	May-08	$350,000	Sold for $330,000 in 2012	n.a.	n.a.
Townsville, Qld	3-bed unit	Jul-08	$620,000 (loan $132.5k)	$510,000	$550	22%
Townsville, Qld	5-bed house	Sep-12	$812,000	$830,000	PPOR	n.a.
Kansas City, US	3-bed house	Feb-13	$66,000	$66,000	$210	16.55%
Atlanta, US	3-bed house	Mar-13	$85,000	$95,000	$200	12.24%
Detroit, US	3-bed house	Mar-13	$45,000	$45,000	$190	21.96%
Detroit, US	3-bed house	Apr-13	$44,500	$45,000	$200	23.37%
Detroit, US	3-bed house	Apr-13	$45,000	$45,000	$215	24.84%
Detroit, US	3-bed house	Jun-13	$42,000	$42,000	$200	24.76%
Watford City, US	Studio unit	Aug-13	$55,000	$60,000	$480	45.38%
Detroit, US	3-bed house	Sep-13	$40,000	$40,000	$200	26%
Detroit, US	3-bed house	Oct-13	$39,000	$39,000	$165	22%

Peter's strategy

- Buy sight unseen. You can get emotionally involved when you see the property
- Buy properties with high cash flow and high yield. These days, Peter doesn't buy properties with a yield below 6%
- More is more. Having lots of properties means you will always have rent coming through
- Purchase cheap properties, generally below $300,000
- Buy in strong regional centres, as opposed to tiny rural towns or capital cities
- Take a hotspotting approach rather than just buying in popular areas
- Purchase houses. Units are restricted by body corporates

made overseas have been part of a company structure as a result, so the portfolio now feels more protected."

Looking back

Over 10 years of intensive property investing, Peter has learnt many things. "I probably shouldn't have gone as negatively geared as I did," he says. "I was buying cheap properties with high yields and I probably got a bit too confident and began buying more expensive ones."

Peter says that when he bought a duplex pair in Hervey Bay, Queensland, for $540,000, it was highly negatively geared and had a massive impact on his whole cash flow. "I guess you have to treat it like a business and realise what impact each purchase will have on your business."

Despite passing on his advice to many people, he says a lot of them tell him, "Wow, I have to do this!" – but they never do.

"I see so many dedicated employees out there who do such a wonderful job in their chosen professions. Most, however, leave their financial situation to chance and focus entirely on their jobs to provide this," he says.

"The trick as I see it is to be the best you can in your chosen profession; however, don't let that focus you away from securing your financial future."

Looking forward

Despite having so many properties, Peter has no intention of stopping, but he acknowledges that it might be time to slow down. "I have run out of equity to continue what I have been doing this year. But my philosophy is that the best time to buy is when I am ready to buy."

As far as buying in Australia is concerned, Peter says it all depends on what the market does. In the meantime, he will have more time for another one of his passions – staying fit. "My brother has got me interested in CrossFit lately. I have done Ironman triathlons and seven marathons as well."

He also loves to travel, particularly around the US, but doesn't use these trips for looking at properties. He uses Google Earth instead. "Sometimes it's difficult when I can't make out exactly how the place is laid out. But in the end it doesn't really matter because, again, it's all about the numbers."