Investor of the Year Award 2011

It's again time to honour Australia's finest property investors as we roll out our fourth annual Investor of the Year Awards

Over the past six months, *Your Investment Property* and PriceFinder have scoured dozens of submissions from our readers in search of the country's leading property investors. The Aussie entrepreneurial spirit and passion for property certainly came through in the quality of this year's submissions, making the task for our judges especially difficult.

Though the property market may have cooled off in 2011, our winners and the two runners-up certainly have not. They have continued to build strong portfolios through their investment savvy hard work – and they've had a little luck as well.

Over the year, we've heard a wide range of stories from all types of investors. They are inspirational, often humorous, and filled with solid lessons for readers putting together their own portfolios.

Our panel of judges have spent hours comparing the stories, strategies and achievements of applicants and they've whittled down the wide range of entries to just three finalists.

We are proud to present to you the 2011 winners of *Your Investment Property* and Pricefinder Investor of the Year Awards – the young investing team of Renae McGlashan and John Thomas!

Renae and John wowed the judges with their quick start, hard work and deep market understanding. They have built a $2m portfolio of high yielding properties in just over four years, fuelled by savvy DIY renovations and a solid plan they put in place before their 18th birthdays.

Big congratulations also go to our two runners-up – Morgan Crawford and Evelyn Thomas. Morgan is another young dynamo who has managed to build a veritable $8m real estate empire before many of his peers have finished university. Evelyn, this year's second runner-up, wowed the judges with her obsession to detail and savvy investor outlook that drove her pursuit of a $2m portfolio on a modest income.

Highly commended

The applications were deep this year, and our judges also singled out several additional investors for honourable mention. The judges especially liked the personal stories, strong ethics and disciplined strategies of these two-star property investors.

Paul Brooks (NSW)

Farmer Paul Brooks was facing a decade of drought and an uncertain financial future before jumping headlong into a property investing career that has him earning more than $1m in rent annually. "He has a balanced portfolio and enterpreneurial flair," judge John Kovacs said. "These are a winning combination."

Gordon Thorpe (Qld)

Gordon was praised by our judges for being a solid all-round performer by building a strong investment portfolio spread between residential and commercial properties. In eight short years he has built up $5m of net worth and is well on the road to his goal of retiring before his 40th birthday.

Judging criteria

The Investor of the Year Awards was not only based on financial performance – it was about several key factors that contributed to the success of the individual investor. These include:

- Ethics
- Contribution to other people and the community
- Entrepreneurship
- Leverage
- Strategy – including overall strategy and property selection criteria
- Risk management
- Financial performance
- Innovation

As every property investor would attest, when it comes to property investing, there are no hard and fast rules. However, the stand-out characteristics of those who succeed appears to be the same across the board – patience, a thirst for learning and sheer hard work in conducting meticulous due diligence. It's evident from the entries that those who put in the hours get back the results, plus more. In short, there is no magic formula for success that replaces blood, sweat, tears and toil.

Our esteemed judges

Special thanks to our judges who gave their time and expertise to selecting the winners of the 2011 Investor of the Year Award

Kent Lardner, COO, PriceFinder
Kent is one of Australia's leading experts on property valuation modelling technology. Prior to designing the PriceFinder solution, Kent worked for several years in a leadership role for Australia's largest mortgage insurer. Visit pricefinder.com.au for more information.

Gavin Taylor, director, Metropole Property Strategies
Gavin is a trained architect, has an MBA and has worked with major property developers in both South Africa and Australia. As a property investor himself, he applies the lessons from his personal experience to achieve maximum benefit for clients undertaking similar investment strategies. Visit metropole.com.au for more information.

Rachel Barnes, partner, Property Women
Rachel built a property portfolio of 75 rental properties in less than six years. That's quite an accomplishment, especially since she was not too familiar with bricks and mortar, having grown up in a caravan in south-east England. She had a wake-up call when planning for retirement in 2000 and decided to purchase her first investment property. The rest is history. Visit propertywomen.com.au for more information.

Tim Lawless, head of research, RP Data
Tim has forged a strong reputation as a leading expert on the Australian property market.

In his current role as RP Data's head of research, Tim specialises in real estate market and demographic trends. Visit myrpdata.com for more information.

Tyron Hyde, director, Washington Brown
Tyron Hyde has over 15 years' experience in the construction and development industry. Considered one of Australia's leading experts in property tax depreciation, Tyron regularly presents at industry conferences and has published numerous articles on tax depreciation and property investment. Visit washingtonbrown.com.au for more information.

John Kovacs, managing director, NMD Data
John is a former real estate agent and principal/manager of a Noel Jones franchise in Richmond, Victoria. In 2006 John started NMD Data, Australia's only comprehensive database listing mortgagee foreclosure, deceased estate and housing authority properties. Visit nmddata.com.au for more information.

David Hows, managing director, Real Estate Investar
David founded Real Estate Investar in 2006 out of his desire to empower investors to make smarter and more profitable investing decisions. David bought his first house at the age of 19 and has invested in, renovated, subdivided and developed property since 1999. In recent years David has invested heavily in the development of tools and technology to help investors succeed. Visit realestateinvestar.com.au for more information.

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.

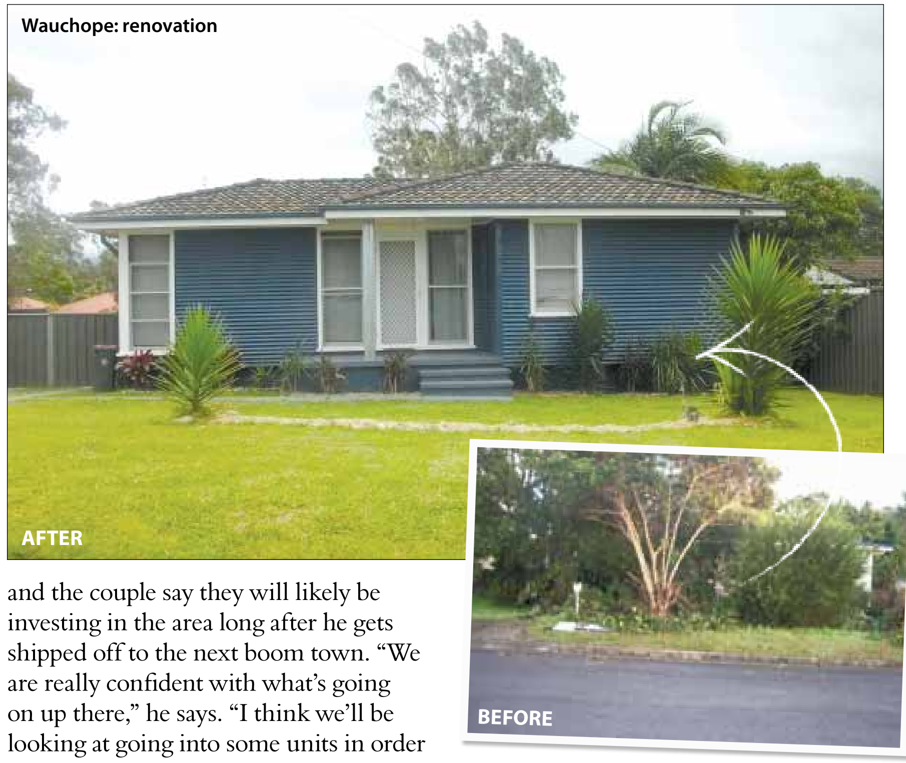
"So what I finally did was I got my Dad to help us out by lending us his deed," Renae recalls. "We did a little deal on the side, because since we saved $14,000 on LMI we agreed to give him half of it."

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



AFTER

BEFORE

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.

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

"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'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 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."


Michelle and Morgan at a development site at Port Hedland

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

"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"

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.

"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