CHAPTER 1

THE POWER OF WHY

To get it, you must know why you want it

I have built a large property portfolio, with assets, valued at $15 million, spread across three states. In this chapter I'll explain how I set goals when I began my property journey, including buying my first home and upgrading to my second, and how I learned to build a strategy with a long-term focus.

As I've noted, for me it didn't happen overnight — it took 15 years. Could I have done it any faster? Yes. I made some mistakes early on that set me back. That's why I wrote this book — to show you how to create and meet your investment goals *without* making those rookie mistakes. In fact, it took me less than 10 years once I actually had a strategy in place and put my mind to it. So my main message is simple: if I can do it, so can you.

Over the past two centuries about 90 per cent of the world's millionaires have made their millions by investing in real estate. When it comes to creating wealth through property, however, it is not about going out and buying just any property, then sitting and waiting for your wealth to build. It is a long game — one that you plan and work for one step at a time. It involves psychology and a strong belief — it's something you must *really want*.

What I came to realise in my early career as a property investor was that all successful investors have personal goals to track their successes, and that they grow their portfolios steadily based on long-term strategic plans. With that kind of long-term focus, strategic investors can buy more properties, enjoy greater serviceability and create greater wealth over time.

GOAL-SETTING

I was fortunate in that I was already a goal-setter. From my background as both a musician and a golfer, I knew how to set goals and meet them through hard work and determination. So forming a strategy was the natural next step for me. And it worked.

Looking back over 20 years, and especially the past 10 to 15 years, I always set myself goals. For example, 'In five years' time I want to have built this much wealth' or 'In 10 years' time I want to retire from teaching, and these are the investment strategies I'll use to achieve that' or 'I want to get my real-estate diploma in one year instead of three'. And I held myself accountable for those goals and strategies.

In fact, through my determination and willingness to work all hours of the night while holding down a full-time job, I gained my Diploma in Property in just three months.

I'm not suggesting that everyone should follow in my footsteps and buy 15, 20, 30 properties. Nor is it my advice that you should set your sights on becoming a multimillionaire — your goals may not run to that. What I'm talking about (and I'll share plenty of real-life illustrations in this book) is that you pursue your own goals, which might mean a strategy that you build a nest egg of three or four properties. If they're cashflow positive and see good capital growth, they should provide you with a steady income stream to fall back on if you lose your job or your business is shut down or you get sick and can't work.

You need to be clear on your *reasons* for taking this journey as well as the *belief* that you can do it — and you need to start developing both as early as you can.

LIFESTYLE CHOICES

I own a buyer's agency called Aus Property Professionals, but being a buyer's agent isn't really what I do, and it's not what I tell people I do. What I offer my clients is the means to achieve an *outcome*, which is the end goal they themselves have identified. So when people ask me what I do, I tell them I actually create lifestyle choices for people by helping them to create the equity that will eventually allow them to realise their dreams.

This is about much more than buying property. From my perspective, property is just the vehicle. Property, the stock market, gold or oil — they're all just vehicles. It's the outcome that's important.

Success comes down to really *knowing your why* — what you're trying to achieve. What are your goals in life? What sorts of lifestyle choices do you want to be able to make in the future? Once you're clear on the truly important things, then we can talk about crafting a strategy to enable you to achieve those goals through property.

Clients often come to me not really knowing what they want or why they want it. They may have been to a couple of property seminars, but they haven't taken the plunge yet. They may say, 'Yeah, I want to enjoy financial freedom through property' or 'I just want to grow a property portfolio'. I can tell you from firsthand experience that building a property portfolio is useless unless you know what it is going to achieve for you. How many properties do you want? More importantly, *why*? If financial independence is your key goal, what does that even look like for you?

Scan the QR code for a spreadsheet to help you set your goals.

These days I start the conversation by asking a lot of questions about my clients' motivations to get them thinking. Do you have kids? Do you want kids? Do you need extra funds to pay for their education or to be able to afford an annual family holiday without worrying about where the money is going to come from? Do you have a home mortgage? Is owning your home mortgage-free important for you, or are you aiming for your dream home and the ability to pay that off? And I have them put it all down on paper.

Working through all those ideas, and thinking about the *whys* that drive your life now and those you want to drive your future, will move your understanding one step forward. If you've never asked yourself these questions, the answers will give you the clarity you need to move in the right direction. When you know what you want, you become clearer about what you don't want.

If you have a goal of, say, $100 000 a year in passive income, or paying off your home mortgage, or putting your kids through a private-school education, we can work out how to deliver that and build a roadmap around that. Then we can start formulating the strategy that will get you there.

GOAL VS STRATEGY

A **goal** is an objective or destination. It could be paying off a mortgage, achieving financial freedom or buying a dream home. Smaller, interim goals (sometimes called momentum goals), such as saving for a family holiday or completing a duplex development, can be seen as milestones or stepping-stones on the path to success.

A **strategy** is a long-term plan for *how* you will achieve your goals. Those goals will determine your investment strategy—for example, whether the properties in your portfolio will be high-growth, instant equity, high-yield or subdivision projects. Without a strategy in place, there's a risk that you'll purchase the wrong type of property, one that doesn't help you achieve your goals.

Achieving financial freedom is a long-term process. The only strategy almost guaranteeing a fast result is the one in which you purchase your own home, because once we set the full purchase brief for that, we can obviously start the property-buying process pretty much right away. But most of our work is with long-term, repeat clients, because we have a long-term strategy in place that is about delivering the outcomes they want through investment after investment. This usually includes purchasing their own home as part of a longer property journey.

REALISTIC AND ATTAINABLE GOALS

Many people come to me with unrealistic goals. They want to invest in property for five years and within that time frame achieve a passive income of $300 000, or to be able to buy a $5 million home even though they have yet to start investing and have only a modest income!

Your goals need to be realistically achievable, because purchasing property always comes down to realistic planning, as I'll detail over the course of this book.

SMART GOAL-SETTING

Your goals define where you are heading and what you aim to achieve. For this reason, it is important to set both short-term and long-term goals.

Use the 'SMART' criteria:

- Specific. Ensure your goals are clear.
- Measured. Ensure your goals specify actual numbers or outcomes.
- Attainable. Do your research and your sums to make sure your goals are achievable.
- Realistic. Ask yourself whether your expectations are realistic.
- Time frame. Set a clear time frame for how long it will it take to achieve your goals.

Once you have set your goals, it's important to write them down. Equally important is to review your goals regularly to ensure you are consistently heading on the right track.

I tend to divide my goals into short-term, medium-term and long-term goals. This keeps me accountable. Achieving the 'momentum goals' in the short or medium term gives me a dopamine rush that allows me to move on to the next goal with greater confidence. Your long-term goals seem so much more accomplishable when you can see smaller goals being achieved in the short and medium term.

DEALING WITH UNCERTAINTY

I often emphasise the importance of enjoying the journey. You can't always be focusing on enjoying life in 10 or 15 years' time, when at last you get to buy that dream home. You need to enjoy life *now*, and to keep your goals fluid. For example, when the COVID-19 pandemic hit Australia in 2020, it became more difficult for some to buy the properties they wanted. With the goalposts shifting and even the banks working differently, people needed flexible plans. So set your long-term goals, but remain open to changes in external conditions. And be sure to enjoy the journey.

Another aphorism I like to share is this: if you're the smartest person in the room, you're in the wrong room. Surround yourself with people who can add more value to your practice than you alone can. It's really important to keep learning throughout life.

Don't take advice from people who haven't done what you're struggling to achieve. Instead, seek out people who have already accomplished your goals, and more. For example, don't use a buyer's agent who hasn't built up a property portfolio for themselves. That's not going to work for you.

I've made lots of mistakes along the way, and I'm happy to share this with my clients as well as in my writing and through the media. When clients approach me, I'll tell them quite openly, 'We're not going to go out and buy a property tomorrow. First we need to look at your why, to find out what you're hoping to achieve. Then we can develop a strategy that recognises how you can get there. Buying the property comes later'.

NO SILVER SPOONS HERE

A lot of my underlying principles, like being a straight shooter, relate to my own story. My parents gave me and my brother everything we wanted that they could afford, but we were always on a budget. There was only so much to spend on groceries each week, and snacks were limited luxuries. I'm sure that was a good thing! Holidays too were on a budget.

I was fortunate to go to a private school. My grandparents had sold their orchard when they retired and put money aside for their grandkids' education. If it weren't for them, I would not have had the sort of education I did.

So, looking back, I am aware that I've set things up differently because of this early experience. Financially, providing well for my own kids has always been an important goal. That was a big 'why' for me when I got serious about investing.

I have two sons: Riley was born in 2019 and Caelen in 2021. So I'm a dad now, and the world has changed a lot since I was a kid. Growing up on a farm in Orange in central New South Wales, I had plenty of freedom. I used to ride my bike everywhere during the day. I'd ride into town and ride 8 kilometres to school.

These days you need to be so careful about what your kids are up to, while trying not to become 'helicopter parents'. It's still early days for us as parents, and we recognise it will get more difficult to protect them from things like the influence of social media as they're growing up.

I can already appreciate the pressures on a lot of parents who feel they have to 'keep up' with other parents. Some spend thousands on kids' toys and clothes, even when they're struggling to pay the mortgage. Some kids wear these really nice clothes to day care, while Riley rocks up in his old workaday clothes. He may look a bit daggy, but he's just going to get paint and mud on them anyway!

People know we have a nice house and drive nice cars, but Caelen is still happy to play with a box. Riley's favourite toy is a five-dollar plastic lawnmower we bought second-hand on Facebook.

There's a front room on the second level at our place overlooking the Port Hacking estuary. Riley has his breakfast there because there's a cheap little table set up perfectly for him, and he loves that; in fact he insists on eating there. Of course, he has little to compare it with yet.

I've learned a lot about the importance for my clients of buying in school catchment zones, but we bought in this area simply because we loved the house. The local primary school is pretty good, by all accounts, so that's where my sons are going. We've booked them into a private school from year five or year seven, whichever works out.

I want my sons to treat others as they would want to be treated themselves, because that's how I like to treat people and that's how I was brought up. For me, teaching them to behave with honesty, integrity and humility is vital. I want them to be really accepting and to go to school with kids from all types of backgrounds and financial circumstances, where they can share what they have with others with humility.

What's important to me as a father is that Riley and Caelen are happy with what they are doing. People ask me, 'Are your kids going to take over your business some day?' They may, but then again they may not. But I *will* give them a good grounding on investing and looking after money — subjects they'll learn little about in school. Each of my boys will have a good financial head on his shoulders.

I had to learn all that the hard way.

MY PROPERTY GOALS

When I was a kid, long before I became the owner of a large, multi-faceted business, my first goal was to become a musician. And when I became a musician I had little money, because music is definitely not a well-paid profession.

I achieved one of my biggest life goals at the time when I moved to Sydney to study at the Sydney Conservatorium of Music. I loved studying, and I was doing some gigs and tutoring schoolkids in music to subsidise my AusStudy fees, which were like a government allowance for students in the 1990s.

In those days investing was the last thing on my mind, which in hindsight is pretty strange considering economics was actually my best subject at school. But I could see I wasn't going to make enough money as a teacher and musician. I used to run out of cash every fortnight. I remember one time I had to go to Newcastle for a music competition and didn't have a cent in my bank account, and couldn't even pay for petrol for the car. I was about 20 years old and I thought, this isn't the way I want to be living.

GOAL 1: SAVING TO BUY MY FIRST HOME

That realisation planted the seed of a financial goal. I thought, I have to start saving and putting money away.

And save I did. I was very frugal. I had no credit cards, though I drove a petrol-guzzling 1979 XD Ford Falcon. To keep a promise I'd made to myself, I didn't even travel overseas until after I'd bought my first property.

In my twenties I started to get interested in buying a property, not as an investment but so I didn't have to pay rent! I thought of rent as 'dead money', because that was what most of society believed back then.

Then, in 2003, I bought my first property, a tiny apartment of around 50 square metres in the southern Sydney suburb of Rockdale. I had saved up about $30 000, which covered the deposit and purchase costs.

I had no idea what I was doing really. It was the first time I had dealt with pushy real estate agents, and they must have seen me coming from a mile off. It was also my first experience working with a mortgage broker — which was actually fantastic, because I needed the personal assistance of a broker rather than dealing with a bank.

It was pretty interesting to watch because my broker was doing his best to get my low-doc loan over the line, and the real estate agent was calling my broker every day for an update on the status of my finance. And my broker found that pretty annoying, but obviously the agent was eager to close this deal.

Being new to property purchasing, I was hesitant about negotiating. Big mistake! When purchasing a property, you should never be scared to negotiate hard. Put up your hand and offer a good figure. I was lucky to get my first property at a pretty good price, but that owed more to the markets at the time than to my negotiating skills.

I bought that property without having any kind of strategy in place. I had no plan for creating a property portfolio at the time, but I knew it would become an investment, and I could always sell it to buy another property, or rent it out.

GOAL 2: MULTIPLE SOURCES OF INCOME

By the time I was 30 I had what I thought was a secure teaching job at an excellent school. I had a regular income and owned my own home — I was set, or so I thought.

Then, in 2007–2008, around about the time of global financial crisis, country after country around the globe was plunged into recession. A few people got laid off at my place of work, and I realised that, for most of us, job security is a bit of a myth. I thought, I really need to start investing.

I worked out that I needed to create multiple sources of income. I needed a vehicle that provided a good ongoing cashflow rather than relying on a job that might or might not exist in the uncertain future.

My Rockdale home didn't build much equity for the first few years, as I'd bought it at the wrong time in the cycle, just after the boom of the Sydney 2000 Olympic Games when Sydney property prices were in decline. So it hadn't increased a lot in value, but after three or four years it was at least heading in the right direction. And I realised that property was a good vehicle for me because it was less volatile than investments like shares.

LLOYD'S STRATEGY

You only need to save one deposit.

My advice these days is that to get started you really only need to save the deposit for your first property purchase. You can then buy subsequent properties using your equity in the first property by taking out a second loan — if you can satisfy the bank on your serviceability. But for me it wasn't a case of buy, increase the equity, buy the next one, rinse and repeat, the way I do these days. Back then I knew nothing about *manufacturing equity*.

So, because my first property wasn't enjoying much growth, when it came time to buy my next property, I had to rely on the money I'd continued to save to put down another deposit.

I didn't mind. I was always very comfortable putting my savings towards buying property. Even these days, I'm happy to save and put money into a property, knowing that such an investment will help me achieve greater financial freedom in the future. That Rockdale unit has now tripled in value, and I have actually refinanced it four times over the years to access the increased equity to help fund new purchases.

GOAL 3: PROPERTY UPGRADE AND FIRST INVESTMENT

When I started investing in property I hadn't even met Renee and I certainly wasn't thinking about paying for my future kids' education and owning a waterfront mansion, although I was teaching private-school kids who lived in those kinds of properties. What I did know was that in my current work situation I would never have a big income and wouldn't accrue much in the way of superannuation. I didn't want to spend my retirement living on a pension. I wanted financial freedom. These were the forces that drove me to taking investing seriously.

In 2007 I started looking at properties in the Campbelltown area of Sydney. I wanted to buy a bigger house to move into. My goal was to lease out Rockdale, and since it was brand new and well-located it did rent easily.

My new house would also later become an investment. This time I was leaving nothing to chance. I had a mate who lived out near the south-west suburb of Ingleburn and had bought his house there quite cheaply. That piqued my interest, because most areas in Sydney were already very expensive back then. So I looked around and found that I could afford a bigger property in Ingleburn.

After a little research I discovered that Ingleburn was experiencing a lot of capital growth and one of the lowest vacancy rates in the country, meaning that any property there should perform well over the longer term.

Eventually I found a three-bedroom villa at the end of a nice, quiet cul-de-sac, listed online through a real estate agent. I had looked at a few Ingleburn properties by then, but this one had a brand-new kitchen in it, which I loved (though I didn't even cook!). This house had a better kitchen than any house I'd ever lived in. So I made a very emotional purchase for about $262 000. I only had to put down a 10 per cent deposit, which was also a relief.

However, Ingleburn was 50 kilometres away from the Sydney CBD and from Bondi Junction, where I worked. It was on a train line, but my house was a long way from the station. I loved walking but it was a long walk to the shops if I had a lot of groceries to bring home, so I had to drive. I really enjoyed living in Ingleburn, though, because it was quiet and green and brought me back to my country roots.

I rode my motorbike to work when the weather allowed. I'd be up at 5 o'clock and out of the house at a quarter past, to make sure I missed most of the traffic, and I'd just fly down the side of the motorway in 45 minutes. I'd do the same in the dark on the way home, and that was my day. I met Renee while I was living there, and she'd climb on the back of the bike. It was great fun.

After we bought our home in Lewisham and moved in together, I kept that Ingleburn property as an investment for a few years, then sold it in

2012 — again at the wrong time in the market. I should have held onto it for a few more years. Had I sold it in 2021 I would have made heaps on it, as it would have more than doubled in value. Even if I'd kept it until 2018, I would have made a lot more. But you live and learn.

I wouldn't say it started to snowball from there, because although I was acquiring more properties, I still made some beginner's mistakes. This was mainly because I was still not clear on my goals and I didn't really have a strategy in place.

GOAL 4: STARTING A PROPERTY BUSINESS

After Renee and I got married we began to set some goals together — things like building up to a family, buying a dream home and creating a secure financial future. With that my successful investment strategies were formed at last. I'll tell you about those in chapter 6.

I had built up a cashflow-positive portfolio, and the rental income from my properties had actually replaced my teaching salary before I left the nine-to-five behind at age 40.

So I had a positively geared property portfolio that was paying me over $100 000 a year, and I had also set up my buyer's agency while I was still teaching. I had a lot going on — and three income streams.

At the time, growing my business along with my portfolio happened organically.

These days a lot of people ask me why I work as a buyer's agent and teach others about property when I have such a big property portfolio. Why don't I just retire and keep adding to my portfolio? But the reason for starting Aus Property Professionals was to help other people replicate my success and to show people how it can be done. I now employ a number of people in my business, so I am also creating jobs.

My *why* was to help other people see the bigger picture and create financial freedom through property. The best thing about what I do now is that I'm combining my two passions: teaching and property investment. Though I retired from a career as a schoolteacher, I still get to enjoy the element of teaching.

I feel very lucky that I have multiple sources of income, knowing that if something happens to my business, I'll always have the income from my property portfolio to fall back on. So I'm never stressed about money. I used to be. I know what it's like to have no money; I worked hard to put myself in a different position. That meant a lot of going without, working hard to save, setting a plan and believing in myself.

So I know it can work for you, because I've seen it work for me.

MY CURRENT GOALS

These days I'm content though still ambitious. I have a comfortable lifestyle. Another $10 million in the bank wouldn't necessarily change my current lifestyle, because I enjoy what I have. Sure, I'm going to keep investing and saving, but moving forward I want to just keep building security for my family, and I want my financial independence to continue.

So yes, I'm really, really happy with where I am in life and with where things are going. I've got two gorgeous young sons and a beautiful wife and love spending time with them. Certain goals have changed a bit since we started a family: putting the kids through school is part of our goal-setting these days.

When I'm buying investments now, things are different from when I started out in two very big ways. Firstly, I'm investing very much with Riley and Caelen in mind, knowing they will inherit those properties. Secondly, I don't have specific numbers in mind for how many dollars I want in the bank or how many more properties I want to acquire, because I'm already financially comfortable. At the moment, as well as continuing to invest, I'm also paying down debt, which we'll talk about in chapter 11.

I wasn't always so content. I lived in a shoebox of a one-bedroom apartment, then all the way out in Ingleburn. The next home we lived in was on a really busy road, and even though it was an expensive house in a good suburb, we had just one parking spot, so I let Renee park there while I'd park in another street — it was a nightmare.

These experiences drove my passion for that dream home on the water. But I couldn't just snap my fingers and buy it — I didn't have that kind of cash yet. I knew I had to work towards that — and I did.

FINDING YOUR MOTIVATION

I believe that money itself won't create happiness unless you already have the underlying seeds of happiness. If you're unhappy with something about yourself, having more money isn't likely to fix your problem. You have to own it and change it. For example, if you're unhappy about being physically unfit, then why not change it by signing up at the gym and getting seriously fit?

I have a morning routine that gets me up and feeling positive, so I get everything I can out of my day. I get Riley out of bed and get his breakfast sorted. He's always happy and cheeky in the morning.

I take my Boston Terrier Frankie for a run. Then I have to have a coffee — that's non-negotiable! I also like to sit and read the paper. That relaxes me and gets my head in the right space before I get into 'work mode'. Every evening I turn off email notifications on my phone. I have a rule that I don't check my phone after 8 pm, so I can spend uninterrupted time with my family.

These kinds of activities would make me happy whether or not I had money. It seems simple, but it's really important to find the motivation to keep doing the things in your life that create happiness. And if you have that nice lifestyle, money just adds to what you have created within yourself.

In my experience, you need a routine and to try to get everything you can from your life. Getting up early and going for a run might not work for everyone. You need to find your *own* routine and what you need to do to help you achieve *your* personal goals.

It's vital that you both believe in yourself and keep yourself accountable.

I believe it's important to have goals and to continue to set new ones, but you also need to recognise and reward yourself when you reach your current goals, to enjoy the satisfaction of your achievement and the knowledge that you're still moving forward.

Don't compare your performance with others' and try to keep up with other people. Think rather, 'Yes, I've achieved some good goals here and I'm happy about that.' I'm not suggesting you rest on your laurels, because I think we should always strive for something better. But equally, you shouldn't go through life thinking, I need more, I need to do better, but I'm never going to get there.

It's also very important that you believe in your dream, and in yourself, and keep working towards it while not being swayed by naysayers.

When I was still teaching, a lot of people told me, 'Investing is too risky — you're not going to make it.' Once I had four or five properties people said, 'Oh, don't buy any more — you'll go bankrupt!' But all the time I was educating myself and setting achievable goals. I knew my strategy was sound. I was confident I would be successful down the track because I knew I'd work hard until I got there. I backed myself.

CASE STUDY
THIS NEW INVESTOR'S GOALS CHANGED WHILE SHE WAS ON MATERNITY LEAVE

One client's story—of how while on maternity leave with her second child she took the reins of the family's financial planning—stands out for me.

Jane had a successful career, having worked her way up over 10 years in the corporate sector. She and her husband had been considering buying an investment property for a while and had been saving for a deposit for at least two years. But her savings were accumulating very slowly, on a low interest rate, and didn't reflect how hard she had worked and saved.

Frustrated, she knew she needed to find a way for her money to 'work smarter' for her. When she took maternity leave, with a newborn and a toddler to care for, Jane began to reflect on where she wanted her family to be financially in five, 10, even 20 years' time—and that was in a place of assured financial security.

But buying an investment property can be hard. Jane did some research on where to buy and what they could afford. She soon realised that budget limitations meant she'd have to purchase in another state. She wanted to ensure she did it right first time and didn't fall for any sales tactics or traps.

With a new baby, of course it was going to be difficult to do property inspections, especially for an investment property that wasn't close to where the family lived. So Jane employed Aus Property Professionals, and we helped her throughout the process.

Jane came to us with a budget of $450 000. I did a lot of the research and due diligence to ensure she bought in an area that was primed for growth. We chose one of the outer-ring suburbs of Brisbane for Jane's purchase. This was based on the planned infrastructure, which would fuel jobs growth in the area, and the population growth forecast for the suburb.

It was difficult to find properties in such a good area of a capital city that would be affordable, given Jane's budget. I searched both on and off market for something suitable. I considered but dismissed more than 10 properties, either because they were over budget or because they weren't 'investment-grade' properties. (I discuss what makes an investment-grade property in chapter 10.)

I finally sourced a newly built property with an asking price of $450 000, right on budget. As it was a new property, Jane would get maximum depreciation for tax purposes. I managed to negotiate a great price—$425 000, which was $25 000 under the asking price and below Jane's budget limit. This meant her rental yield was much

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higher than it would have been had we bought at the asking price, so she achieved better cashflow right away.

I ensured that the contracts were signed on the most favourable terms for her, including a 'subject to building and pest inspection' clause and a 60-day (rather than a 35-day) settlement period.

An excellent valuation of $540 000 just 12 months later demonstrated that we'd bought this property at the right time in the cycle, when the markets were beginning a growth phase.

Jane is now on the right path to building a positively geared property portfolio that will give her the freedom to make financial choices, such as working part-time so she can spend more time with her children, sending them to private schools and taking the family on an annual holiday.

THE NUMBERS

Property purchase price:	$425 000
Stamp duty:	$14 619
Legal costs:	$1550
Building and pest inspection:	$660
TOTAL PURCHASE COSTS:	**$441 829**
Rent per week:	$470
Yield:	5.75 per cent (excellent for a capital city)
Independent valuation results (12 months later):	$540 000
EQUITY GROWTH ACHIEVED IN THE FIRST 12 MONTHS:	**$98 171**