

Fortune ^{also} comes to those who wait

Fifteen years after arriving in Australia with little money and no assets, Robert Dias has accumulated a portfolio of 21 properties valued at more than \$6.6m. This former waiter turned his one modest apartment into a booming portfolio

When Robert Dias and his wife Olivia migrated to Australia from Hong Kong in 1993, they did so knowing nothing about the country they were moving to.

“When we got off the plane, we left the airport and we actually had to go back inside to ask where a good place to rent would be,” Robert says. Being in Sydney, the airport employees pointed to places like Ashfield, Burwood and Strathfield, so Robert and Olivia went straight to a real estate agent and rented the first unit they saw.

After settling into their new home, Robert quickly found a job as a casual waiter at the Sydney Tower Restaurant. Oddly enough, it was there that his interest in property was sparked.

“One of the other waiters said, ‘now is a good time to buy a house,’ and that’s what got us started,” Robert says.

“We went berserk looking for a place, but the biggest struggle that we had was getting a loan. We went around to a lot of places but, because my wife was studying and I was working casually, nobody would lend to us.”

Robert says that after meeting with, and being rejected by, half a dozen lenders, the couple gave up trying.

“Then one day I was waiting in line at the bank, and one of the bank managers approached me and asked if I rent or own. We sat down with him and he worked out what we could afford to repay, and he gave me an approval letter for up to \$180,000 in finance.”

A few weeks later, Robert and Olivia had a contract for their first home in Australia. “We bought our first home, a two-bedroom unit in Ashfield, for \$151,000. It was just six months after moving to the country,” Robert says.

Upgrading and renovating

Four-and-a-half years after settling in Australia, Robert noticed that their neighbour was trying to sell his property for \$207,000.

“I thought, ‘that’s a good price’. So we put our place on the market and, a little while later, sold it for \$228,000,” Robert says. “We took that money and used it as a deposit on a house in Mortdale. We paid \$315,000, and that was in 1998.”

Robert took three weeks off from work and renovated the house, including ripping up the carpets and polishing the floorboards, repainting and installing new curtains.

“I spent about \$12,000 on the renovations, and we got the real estate agent in for a bottom-line appraisal. He said he could get a minimum of \$385,000, and that’s when I realised... I slog it out at work for \$36,000 a year and I’ve just gained more than that in just three weeks of work.”

Buoyed by the experience, Robert tried his hand at investing in another property. After researching their local area, the couple paid \$222,000 for a three-bedroom unit in Westmead.

By 2000, with their home and one investment property, they decided to hold off on buying any further properties. “Our cash flow was very poor, and we had a small daughter, so we had to wait about four years and put the portfolio on hold,” Robert says.

“Then one day, a friend of ours offered to get me into the mortgage broking business. I felt like a change, so after nine-and-a-half years of working at Sydney Tower, I handed in my resignation.”

Robert’s boss was understanding, and encouraged him to stay for a further six months so he qualified for long-service leave. “The owner was lovely. He said: ‘If you stay until you can get long-service leave, you can give broking a shot, but if you don’t like it you can come back.’ But I was determined to go and make the most of the opportunity, so I left straight away.”

The WA boom

Robert’s career move into mortgage broking is how he really “learnt the power of investment”, he says.

“Clients would buy properties for \$70,000 or \$80,000, then they would return six months later to refinance, because the property had grown in value by tens of thousands of dollars,” Robert explains. “Before that, we were looking at investments that we could buy in the places where we lived, because we wanted to be able to drive past and see the property. We kind of realised that was a no-no in investment – you need to take your heart out of it, put your head into it, then make a decision.”

Robert and Olivia decided to look at investment opportunities interstate, and began to research infrastructural upgrades and population growth in various regions. “We even looked at job creation opportunities in the area. That’s how we realised that Geraldton in Western Australia was looking good, because of the Chinese contracts that were going into place with the mining.”

Geraldton was the site of Robert’s most ambitious purchase to date – a block of 12 two- and three-bedroom villas. “I’d been doing a lot of homework and I could see them going up in value,” he says. They paid \$800,000 for the entire block in 2004; today the block is worth more than \$2.6m.

Robert believes this particular purchase demonstrates the importance

Robert’s portfolio

Property	Description	Year purchased	Purchase price	Current value	Weekly rent
Westmead, NSW	3-bedroom unit	1998	\$222,000	\$450,000	\$270
Mortdale, NSW	3-bedroom house	1998	\$315,000	\$600,000	\$380
Narwee, NSW	3-bedroom townhouse	2003	\$470,000	\$550,000	\$380
Geraldton, WA	12 x villas (2–3 bedrooms)	2004	\$800,000	\$2,600,000	\$1,605
Secret Harbour, WA	4-bedroom house (new)	2006	\$382,000	\$450,000	\$270
Aldinga Beach, SA	3-bedroom house	2006	\$215,000	\$260,000	\$240
Redbank Plains, Qld	4-bedroom house	2007	\$265,000	\$320,000	\$280
Melton, Vic	3-bedroom house	2007	\$205,000	\$220,000	\$220
Port Willunga, SA	3-bedroom house	2007	\$230,000	\$260,000	\$245
Padstow Heights, NSW	4-bedroom house (PPOR)	2005	\$800,000	\$950,000	n/a
Total	21		\$3,904,000	\$6,660,000	\$3,890



Robert Dias' top tips for investors

- Always look out for break costs and exit fees in a loan
- If you buy a property and change the managing agent prior to settlement, check whether the tenants have paid rent in advance. If it's been paid to the previous landlord it may be difficult to get back after settlement
- You can only increase your rent when the tenancy agreement expires and a new one has been drawn up
- Ask the real estate agent if any other buyers have ordered a building and pest inspection, to gauge whether the building has any major flaws
- Check if the building is built on a concrete slab – without concrete, earth movement can cause cracking

of trusting your instinct and buying without emotion.

"We asked a friend in WA to drive around the property and let us know their opinion," Robert explains. "When he came back to me, he said: 'I wouldn't even park my car in front of that complex. It's in the middle of nowhere, and I wouldn't recommend it.'"

Robert's wife was nervous and wanted to walk away from the deal, but Robert – without ever viewing the property himself – believed the opportunity was too good to pass up.

"At the end of the day, it's about making it a business decision," Robert says. "Can you imagine if I'd walked away from that deal? It's more than tripled in value!"

Growing the portfolio

Robert now owns properties in NSW, South Australia, WA, Queensland and Victoria. His strategy has typically been to buy in the lower end of the market.

"We don't believe in buying expensive properties to make money. I believe you have to be at the right place at the right time – and you need to educate yourself to achieve that."

Every property the couple own was negatively geared at the beginning, but Robert says that over time, 80% of their properties have moved into positive figures. "That's what helps me continue to expand my portfolio," Robert says.

"We bought a property at Aldinga Beach, for example. When we bought it, the current tenants were paying \$220 per week. After six months they moved out, and the new tenants in there are paying \$260 per week."

Robert also doesn't believe that personally inspecting a potential investment property is important, because emotions can all too often get in the way. "I've never seen the properties we own in Geraldton and Secret Harbour," Robert says. "Our Geraldton villas are a perfect example of how emotion can interfere with a property transaction. Even if I don't personally like the place, if I think it's going to grow in value, that's where I'm going to put my money."

Research strategies

Through his mortgage broking business, Robert has several clients who trust his recommendations, so he admits that he's "not quite as rash as I used to be" when making property purchase decisions.

"When you know that other people will be investing in the same area based on your decisions, you tend to look a little more closely," he says.

Although Robert believes that physically viewing a potential property investment is unnecessary, he does advocate getting to know the region you wish to invest in before buying.

"Although we don't actually go looking at properties, we do make sure we visit the area," Robert explains. "We drive around, and we meet up with local real estate agents – and ask their recommendations on which pockets are better than others, and which areas are preferred by renters."

They usually meet with at least six real estate agents in each market, and then compare what each agent has said to "see if any of the areas overlap".

"Those are the ones that I investigate more thoroughly," Robert says. "I take a few maps and drive around, and look for all of those things such as access to amenities, distance to the city, road, upgrades and development."

Once he is comfortable with the region, he returns to Sydney to make a decision. He usually searches for properties online, and often makes an offer without ever seeing the property.

"The trip is just to make sure that the area is okay – I trust the building

inspector to look at the actual property for me. If I look at the paint, the carpet, that means nothing – as long as the building is structurally sound, I'm happy," he says.

Hit predictions for a healthy retirement

With plans to increase his portfolio to a total of 40 properties, Robert says he and his wife are always "on the lookout" for the next boom suburb.

"The last property we bought was in Melton, in Victoria. It's a suburb that's going to grow so fast," Robert says.

"The shopping complex there is going to get a revamp, a new harness racecourse is being built and there's a bypass going in. I believe that the bypass will cut the commute to the CBD by about 20 minutes – it's currently around 40–45 minutes – and that's expected to be completed by 2009. It's just buzzing."

Robert believes the area is going to experience an increase in population, which will bring new schools, more facilities and better transportation.

"I strongly believe that the Victorian property represents a lot of growth in the next year or two, around areas like Taylors Hills and Melton. At the moment you can pick up a house for \$220,000 and get \$200 a week rent. In a year's time, I think that property will be worth \$250,000."

Robert believes that even if his currently portfolio remains exactly as is, and he doesn't buy any further investment properties, his family will be able to enjoy a comfortable retirement.

"I have a portfolio valued at about \$6.6m. They say properties double in value every 10 years, so in 10 years, my portfolio should be worth about \$13m," Robert explains. "Give and take a little bad luck here and there, and conservatively I'll have a portfolio worth \$10m. Once I subtract the current loans outstanding of \$3m, I'll roughly have \$7m clear."

After investing that amount into a term deposit account earning 7% pa, Robert says he and his family would live off the annual interest of \$490,000 pa. "That's how much I can spend each year for the rest of my life, and I still have that \$7m tucked away to give to my daughter when she grows up," he says. "That's like having a never-ending packet of Tim Tams." ■

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