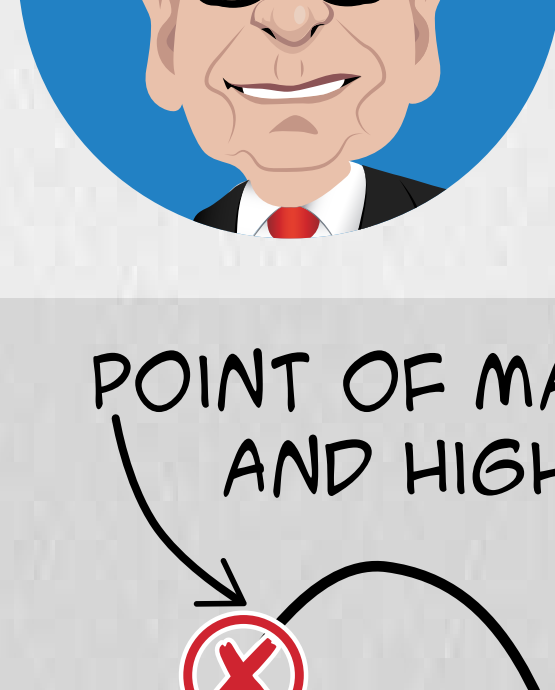


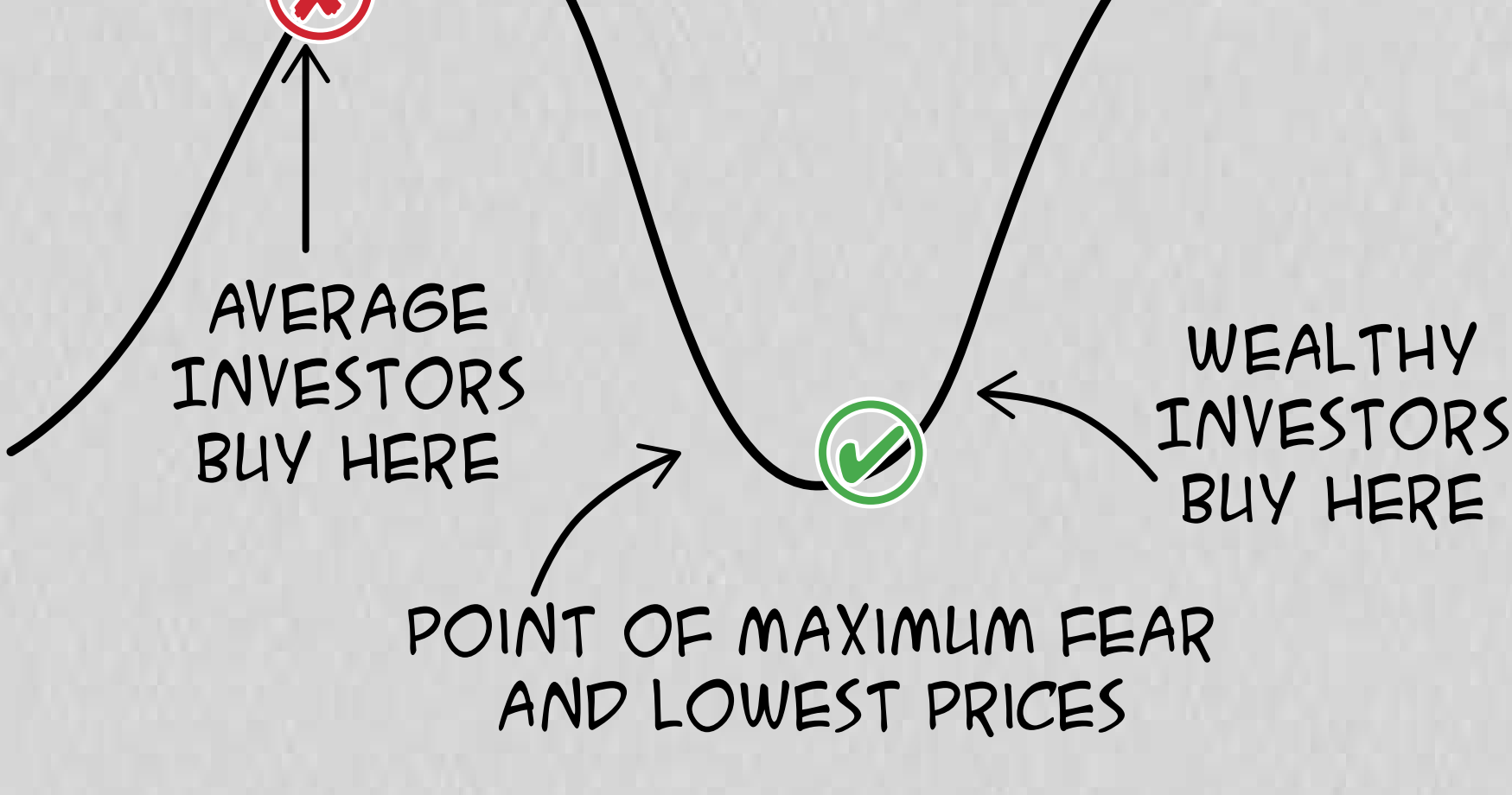
# 5 WAYS WEALTHY PEOPLE MAKE MONEY FROM PROPERTY

## THEY BUY AT THE RIGHT TIME 01



“Be Fearful When Others Are Greedy & Greedy When Others Are Fearful”

WARREN BUFFETT



## 02 THEY LOOK FOR SIMPLE VALUE ADD OPPORTUNITIES

They look for the worst house in the best street and bring it up to the market level.



### Value Add:

- Smart renovation
- Development approval
- Add features, another bedroom, bathroom, landscape

They don't buy the best house in the worst street and try to make it even better.



## THEY DON'T FALL IN LOVE WITH THEIR PROPERTY 03



Don't fall in love with your investment; it won't fall in love with you.



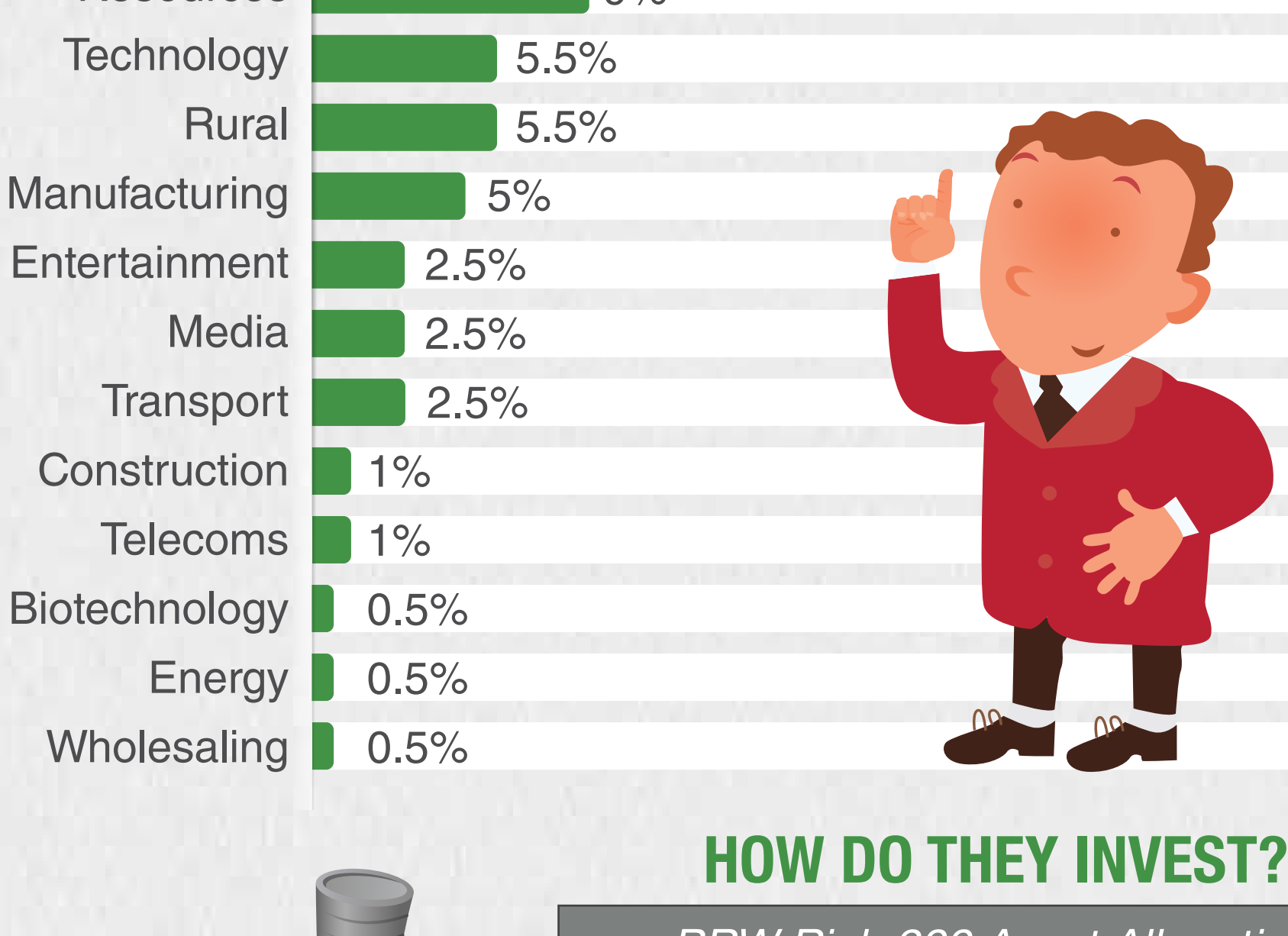
## 04 THEY TRADE PROPERTY

For evidence of this we look to the 2014 BRW Richlist:



### HOW DID THEY BUILD THEIR WEALTH?

#### SOURCE OF WEALTH



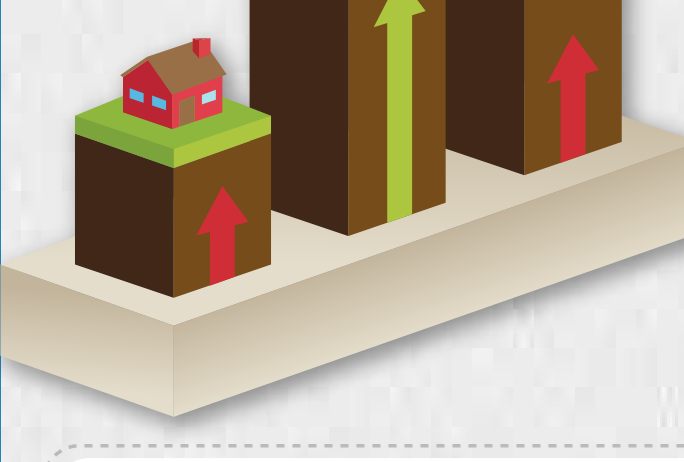
### HOW DO THEY INVEST?

BRW Rich 200 Asset Allocation

Private companies =	42.4%
Equities =	30.9%
Cash =	16.7%
Property =	8.8%
Other =	1.2%

This indicates wealthy investors prefer to trade, rather than buy and hold, property.

## THEY LOOK FOR PROPERTIES THAT PUT MONEY INTO THEIR POCKETS 05



### ATO Statistics from 2011

#### PROPERTY INVESTORS

- 1,811,174 Australian's owned a rental property
- Around 8% of the population

**LOSSES**

- 2 in 3 of these 'property investors', were recording a loss on their rental income
- The average annual loss was \$10,947 or \$210.50/week

**PROFITS**

- The 1/3 investors that were making profits were getting an average return of \$9,075 p.a. or \$174.50/week

THOSE THAT CAN LEAST AFFORD IT ARE MAKING THE BIGGEST LOSSES ON THEIR INVESTMENT PROPERTIES (as a percentage of income):

TAXABLE INCOME	NUMBER OF PROPERTY INVESTORS	TOTAL LOSSES ON PROPERTY (BILLIONS)	ANNUAL LOSS PER INDIVIDUAL
0 - \$6,000	110,322	-\$1.44	-\$13,025
\$6001 - \$37,000	281,785	-\$2.52	-\$8,946
\$37,001 - \$80,000	485,587	-\$4.60	-\$9,483
\$80,001 - \$180,000	276,611	-\$3.31	-\$11,969
\$180,001 - more	59,292	-\$1.41	-\$23,814
<b>TOTALS</b>	<b>1.2 million</b>	<b>(\$13.2 billion)</b>	<b>-\$10,945</b>

## KEY LESSONS

- 1 Buy at the right time
- 2 Look for simple value add opportunities
- 3 Don't get emotional
- 4 Be prepared to buy and sell
- 5 Look for positive cashflow

### WEALTHY INVESTORS

- Average investors buy properties that take money out of their pockets.
- Wealthy investors buy properties that put money into their pockets.

