

Create Wealth:

HOW TO START PROPERTY
INVESTING IN NZ



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INTRODUCTION

Hi, I'm Sue Irons – property investment expert and Director at Positive Real Estate New Zealand.

With over 20 years' experience working in real estate as an investor, educator and coach, I'm always astounded by how many people don't realise they're in a position to make the life changing decision to invest in property.

Often times, people tell me they've "left it too late" to invest.

Other times they're scared off by the prospect of having too much debt.

And in a lot of cases, people are under the impression that they have to pay all of their debt off before they can even consider purchasing more property.

A big reason I wanted to write this book was to open the minds of everyday New Zealanders to the prospect that regardless of age or life circumstances, generating wealth through property could be a reality for you, just as it has been for the hundreds of other Kiwis we have worked with to achieve massive levels of financial success through the vehicle of property investment.

After reading this book you'll have a much better understanding of not only the benefits that come from investing in property, but also the factors you need to consider when starting out.



Ultimately, this book will help you to determine if this wealth creation path is right for you.

My goal is that you walk away feeling empowered and ready to take the first-action steps required to begin your property journey.

Wishing you all the very best,

Sue Irons
Director
Positive Real Estate New Zealand



CHAPTER 1

Why Property?

If you look at the different asset classes that people can invest in there's something about the **safety and security** that owning a property provides.

The expression, '*Safe as bricks and mortar*' or '*safe as houses*' rings true for many Kiwis, because as the market may go up and down, property in the long-run will always hold its value.

For example, you could invest in the share market and there is nothing wrong with that, but you have no control. It goes up and down all the time and the reality is you can lose everything overnight. You have absolutely no control and have little, if any influence on the market.

However, in property, the ups and downs are not as extreme, and people don't tend to lose everything overnight. On top of that, there are many factors you can control and influence when it comes to the performance of

your property and your ultimate wealth creation.

For example, painting your property, landscaping, renovating or even adding a room can have a significant impact on your return on investment.

AND OF COURSE, FOR KIWIS THERE IS A SENSE OF PRIDE IN HOME OWNERSHIP.

We have grown up with the ultimate goal of owning our own property due to the security benefits that stem from having a slice of real estate – it's a *My House, My Castle* type of mentality. And, if done right, it could lead to a very comfortable lifestyle.

As the way we work and play is constantly shifting, more and more New Zealanders are having to think outside the square when it comes to generating wealth and a level of income that will be sufficient to manage the rising cost of living.

No longer can we rely on a 9 to 5 job and savings to look after us later in life. And even if that was enough to just cover us, what will life look like?

Will we be able to go on holiday or travel to see family? Make lifestyle upgrades or buy big ticket items? What about the cost of maintaining our health? Or things like general leisure and entertainment?

When we work so hard over so many years, it seems like a small ask to be able to enjoy these aspects of life without worrying that our savings account is slowly dwindling away.

This is where property investment comes in.

BECOMING A PROPERTY INVESTOR IS ABOUT BUILDING FOR THE FUTURE.

And that isn't just about having a level of financial security - for some New Zealanders that is also about leaving a legacy for their families.

A major misconception people have around owning property is that it's somewhat glamorous and sexy. In the long run, yes, the benefits of investing in property reap many rewards but it's not an instant gratification model.

The reality is, you purchase your first property and in the first week all you receive are bills!

Even if your property is cashflow positive, let's face it, in the beginning we're talking dollars and cents, not hundreds and thousands of dollars.

It takes a while to see any tangible financial outcome. And before that is even close to happening, you're probably going to have a hot water cylinder that bursts, or the market dips, or interest rates go up.

For some people, this is where the bubble pops and they think, *"Bigger this, property investing doesn't work. I'll never make money off this!"*

So, they give up, leaving their dream of financial freedom behind.

You know that saying, *'It doesn't happen overnight, but it does happen...'* That could not be truer for property investment.

It's a bit like going to the gym for the first time and expecting to come out buff. You go, *"My muscles haven't grown. I'm going to give up."*

But if you were to go to the gym consistently over a long period of time, and eat right and get enough sleep and all those good things that your body needs to thrive, over time you're going to look awesome.

For those looking to take their financial future into their own hands and create real wealth that can help sustain them in having a comfortable life in retirement, then property investment is a no-brainer.

CHAPTER 2

Have a Money Mindset

The very first step in becoming a successful property investor is to **evaluate your current mindset and belief system around money.**

Success doesn't favour pessimists, so you need to **start this journey with an open mind and be willing to change the way you think.**

Many of us grew up being told that, *'money doesn't grow on trees'*

or had parents who would say they 'weren't made of money' – on top of that, for many households money was a conservative matter that wasn't discussed.

Rich people were labelled 'wankers' and people who had a lot of money were perceived as greedy or capitalist.

Tall poppy syndrome has shaped our thinking around being wealthy, along with the belief that if we're going to get ahead, we have to work hard, long and gruelling hours to make ends meet.

This type of mindset starts from childhood, so by the time we're actually in a position to start creating wealth for ourselves, we're often haunted by these entrenched beliefs that can easily play out as self-sabotage and an inability to move forward financially.

HOWEVER, WITH A BIT OF HELP, MOST PEOPLE CAN MOVE PAST THIS UNLOCKING SERIOUS POTENTIAL FOR THEIR FUTURE.

I have worked with so many people who never in a million years thought they'd be able to own multiple properties and have been brought to tears with what they have been able to achieve as an investor. Even just knowing that they're in a position to accumulate wealth through property is enough to change someone's entire psychology around what they're capable of. It's lifechanging.

I have people tell me all the time, "Oh my god. We never thought we could become property investors and now we can see on paper that we can. And on top of that we can retire earlier, generate passive income off our property portfolio and be in a position to help our kids. We never thought this would be possible!"

To see this is a huge light-bulb moment for so many of our clients. It shatters all of their self-limiting beliefs around money but in order to get to that point they had to be willing and open to the possibilities.

They had to adopt a money mindset.



CHAPTER 3

There is Such a Thing as Good Debt

Not all debt is bad, and to put this into perspective for you I'm going to share a little story.

My parents came to New Zealand 50 years ago from the UK. This is going back to the 1970s which really isn't that long ago.

They paid \$13,000 for a house in Christchurch. Now, these days you'd probably spend more than that on a car. This is not even going back multiple generations. The house itself was a little three bedroom family home.

Now fast forward in time, one day about eight years ago I was browsing through The Realtor which is a property magazine, and I saw this little house. My family had long since moved on from the house but there it was in the magazine – the very first house we lived in when we first arrived in New Zealand when I was only five-years-old!

How much was it selling for I wondered?

I looked at the price. *Wow. It was on the market for \$485,000.*

I did a quick calculation - if property doubles in value every seven to 10 years, that's a compounding growth rate of 7.2 per cent - the maths was correct almost to the dollar based on what my parents paid in the 70s to the price the property was listed for at the time of sale.

I remember picking up the phone and ringing my dad...

"Hey, dad, do you remember we lived in 22 Charlotte Street, Avondale when we first came to town?"

He replied, *"Yeah, yeah, yeah. Of course I do. Why?"*

And I go, *"Guess what? It's on the market today for \$485,000."*

Now of course, he's also moved with the times, but if you'd said to my parents in 1970, *"This house is costing you \$13,000 and some day it'll be worth almost half a million,"*

that would have blown their minds!

They could not have comprehended that.

IF MY PARENTS HAD BOUGHT THAT AS AN INVESTMENT PROPERTY, AND STILL OWNED IT, AND STILL OWED \$13,000 ON IT, DO YOU THINK THAT DEBT WOULD BE CONSIDERED BAD?

No. That debt, over the course of 50 years **has actually gone on to make you money**, and in this case that's an incredible \$472,000.

Could you imagine the same scenario in Auckland?

What if your grandmother in Auckland bought a property 30 years ago and she paid \$300,000 on it but never paid off any of her debt. Let's say she stayed on interest-only payments. Would you be pissed off she still had debt owing on a property that's worth over a million dollars? Of course not.

So, let's look at that in present tense. If today you take on property debt of half a million

dollars, think about what the value of that property will be in 30 years.

People come to our events all the time with the mindset that there's a ceiling, and a property will never achieve the increases that it has in the past – in fact one guy a few years ago in Wellington said the he didn't believe the average Kiwi household would ever be worth a million dollars because that was just too *'unrealistic'*.

Hmmm really? Just a few short years later the average house price in New Zealand was a million bucks.

I remember saying to him back then that a good way to look at it is to look at your next biggest city. And by that I don't mean if you're in Wellington you might look to Auckland, but if you're in Auckland, you would look to Sydney. Then you go global.

Again, imagine my parents thinking if they were told how much their \$13,000 property would be worth in years to come.

I always use the technique *Reduce To The Ridiculous*, when people are concerned about debt levels, because **it's all relative**.





CHAPTER 4

Establish Your Financial Capacity

The first step to become a successful property investor is to establish two things.

A) *Do you currently have the financial capacity to become a property investor?*

B) *And if you do, what exactly is your financial capacity in order to get started?*

So many people I work with have no idea where to get started when it comes to understanding their financial position. Often-times people have more options when it comes to getting started in property investment than they ever realised.

For example, I've met people who thought they needed to be debt-free before they could buy another house. In fact, many people don't understand what equity is and how they can make their equity work for them in a range of different capacities.

SO HOW DO YOU FIGURE THIS OUT? HOW DO YOU KNOW WHAT YOUR FINANCIAL CAPACITY IS? WHO'S THERE TO ANSWER THESE QUESTIONS?

It can be a very confusing space if you're not experienced in buying property.

People expect that their bank or their accountant will tell them what they can and can't do **but unless you ask the right question, you won't get the right answer.**

For example, a few years ago I had a guy come and tell me that he'd done his homework, he'd gone to the bank and he was ready to invest after being told he could borrow \$260,000.

Now, this guy was wealthy, so I was surprised to hear his lending capacity was \$260,000.

So, I said, *"Let me understand this. You saw a house you liked for \$260,000 (keeping in mind this was a few years back), and you went to the bank to see if you could buy it?"*

"Yes, so I can borrow \$260,000," he replied.

In actual fact because of his financial position he could have

borrowed a lot more than that. Upon further assessment, in reality he could have borrowed \$1.3 million – a big difference from the \$260,000 he went to the bank for, and a big difference in how he could purchase further assets.

"Why didn't the bank tell me that," he asked.

The answer was easy.

"Because you didn't ask for that. You went in asking for \$260,000," I said.

So, you see here just **how important it is to ask the right questions to the right people.** This man was limited by what he asked for.

WHEN STARTING YOUR CAREER IN PROPERTY INVESTMENT, YOU HAVE TO GET YOUR ADVICE FROM THE RIGHT PEOPLE.

And the right person is a property expert. Someone who is highly skilled and trained in real estate investing. They will be able to assess your personal circumstances, look at your current position and see what is possible.

When it comes to finance, the right property expert will factor in the following three aspects of funding in order to determine your entry point into investing.

- Credit history behaviour
- Equity, cash or assets
- Serviceability

CHAPTER 5

Location is Pivotal

Whether you're a seasoned property professional or you're just starting out, it probably doesn't come as a surprise that **location is key** when it comes to becoming a successful investor.

Many people want to be in close proximity to their investment property so they can drive past it, but this is not always a smart option leading to the best long-term results.

The saying in real estate isn't, *"It's close to where I live"*.

The saying is, *"Location, location, location"*.

At Positive Real Estate we have a very clear focus on buying in the **right** location, however understanding what constitutes the *"right location"* is one of the secret keys to success.

We source properties that are underpinned by six fundamental drivers of capital growth because ultimately that is what drives values up and creates wealth for the investor.

IT'S EASY AS "PIE"

P = Population

I = Infrastructure

E = Employment

Population means we look to secure properties in main centres that have the strongest population density and continuing growth.

Infrastructure means we look to secure properties that have major infrastructure projects that indicate the area will see growth.

Employment means that because of this infrastructure, there will be jobs and therefore an increase in population as mentioned above which in turn, generally drives up value.

By following this framework, we see yield because properties that are located in areas with high demand due to population, infrastructure and employment, will by default start to **increase in value, which tends to drive the rental prices up, increasing the yield for the investor.**



CHAPTER 6

Buying the Right Property

Just like location, the type of property you buy is also just as crucial when it comes to purchasing right from an investment standpoint. This of course comes into a larger plan around the type of portfolio you're looking to build based on the long term goals of your investing outcomes.

Gone are the days of the three bedroom brick and tile bungalow on a quarter acre section. The reality is that our lifestyles have changed. For example, we are mobile in terms of how and where we work, as well as how we socialise - having the family around for a Sunday roast is a thing of the past for many.

PEOPLE ARE LOOKING FOR EASY CONVENIENT PROPERTIES, CLOSE TO WHERE THEY WORK, WITH GYMS, RESTAURANTS AND SHOPPING ALL WITHIN EASY ACCESS.

We now judge properties on their “walk score” which our parents’ generation didn’t even consider.

If we look at the capital growth for property types in New Zealand over the last 12 months, many would be surprised to see that apartments and townhouses are sweeping past the more traditional standalone house.

Once we consider the changing demographic of renters and buyers, we can easily see where our money is best placed.



CHAPTER 7

Managing Risk

The most common reason people choose not to invest in property is because they believe it’s too risky.

“What if I lose everything? What if my tenant doesn’t pay the rent?”

These are scary prospects for up and coming investors, and while we can never truly eliminate risk in life, **we can absolutely mitigate and minimise it.**

THIS COMES DOWN TO HAVING A PLAN.

And because properties, like children don’t come with a manual on how to make them work, most people simply go through their lives without a solid property plan in place which puts them at risk when it comes to the most common mistakes that are made.

We don’t get any sort of road map from the banks and an accountant is not a property expert so often times we sail through buying, holding and selling property completely blind.

This is a rookie error and one that usually doesn’t lead to optimising your full potential to become a successful property investor.

To reduce risk, you need to adopt a business mindset. To acquire property that generates long-term wealth, or a desired level of financial freedom requires all the same ingredients as a business.

THAT MEANS BECOMING EDUCATED, HAVING A SOLID BUSINESS PLAN OR ROAD MAP AND HAVING THE RIGHT TEAM IN PLACE TO HELP GROW AND MOVE THE BUSINESS FORWARD.

The ultimate goal here is to structure your finances in a way so that your property investment enhances, not detracts from your lifestyle so you're not having to live on beans and rice because your tenant didn't pay.

In the beginning this is about getting clear on where you are today based on your current stage of life, and then looking at where you want to be. **What is the end goal?**

Then, with that end goal in mind, a plan needs to be designed to get you from point A where you are now, to point B, which is where you want to be. **Without the 'how' there is no plan.**

In my experience, having that road map is usually the defining factor of whether people win or

lose when it comes to property investment. Because just like a business, your property plan has to include what structures you're going to use, what the tax implications are, what your requirements will be as a landlord, what you need to budget for and so on, let alone any relationship, family or even legal dynamics that may need to be included in the mix.

CHAPTER 8

The Experts You Need On Your Team

It's likely that in your line of work, you're an expert in your industry. You know the ins and outs of your job and the different skillsets and factors required to be successful at what you do.

It's also likely that to be in that position, **time and focused effort** was required.

And, because it's likely you work full time in your area of expertise, it's probably fair to say that most of your week is consumed by your job. It's likely that any time outside of that is spent managing home and family priorities as well as any hobbies, sports or social activities, **leaving very little space for anything else.**

You know you need to do this investing thing - you may have even gone to a few open homes but **the gap in knowledge required to make a sound purchase could take hours, weeks or even months to acquire in order to make a decision you won't regret.**

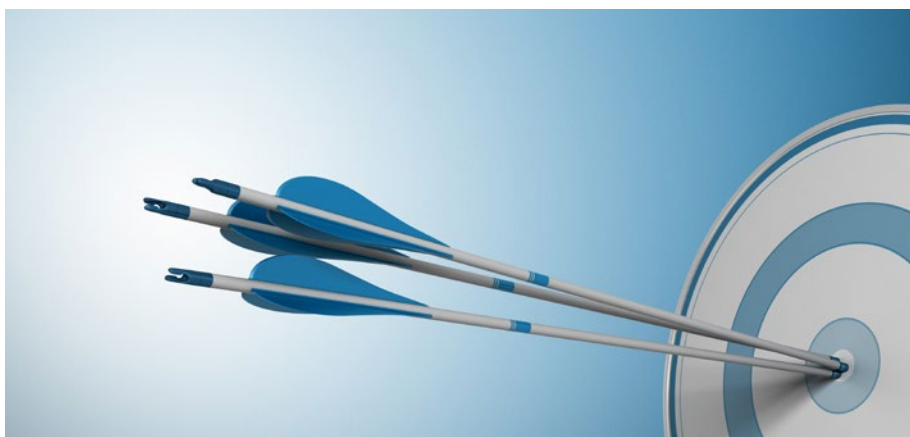
As mentioned, it's critical to get the location and type of property right.

On top of that you know you have work to do to get your finances in check, and then you know you will need a robust business plan in place to actually reap the rewards for your property investing efforts.

It all seems like too much. And for one person with all of that going on, it probably is.

IT FEELS TOO HARD AND FRANKLY, YOU'RE TOO BUSY TO EVEN KNOW WHERE TO BEGIN.

BUT JUST AS YOU'RE AN EXPERT AT THE JOB YOU DO, THERE ARE ALSO SEASONED PROPERTY INVESTING PROFESSIONALS WHO ARE EXPERTS AT HELPING PEOPLE CREATE A PORTFOLIO THAT LEADS TO A DESIRED FINANCIAL OUTCOME.



This is what we do at Positive Real Estate day in day out. We have helped hundreds of Kiwis achieve the dream of owning property and creating financial wealth through the vehicle of real estate.

By addressing the factors I've written about in this eBook, including many more, we help people become successful property investors every day.

CHAPTER 9

Next Steps

You now know why investing in property is **one of the most stable and high performing long-term wealth creation vehicles**. And with that, you now have some of the fundamentals of what might be involved to get you started on your own property investing journey.

BUT WHAT'S NEXT?

The good news is, I'm not just going to leave you high and dry to figure out your next move.

Becoming a property investor is about building security for the future. It's about being in control of the financial future you want to live in.

The reality is **there are many different ways to generate enough passive income** to cover your lifestyle – which of course is the ultimate outcome for most property investors.

Finding the right process and plan that is customised to your lifestyle

and individual needs is what we're here to help you with.

Our team of property experts have helped hundreds of Kiwis become successful property investors with a property plan that fits their current circumstances, while meeting their future goals.

To help you begin this process, join [our free property investing seminar](#) so we can arm you with even more information and knowledge to set you up for success and security for years to come.

There are limited spots available, so to secure your seat [click here](#).

More on Sue Irons

Sue Irons is one of the country's leading property investment experts and Director of property education company Positive Real Estate New Zealand.

With over 20 years' experience as an investor and coach, Sue has a diverse knowledge in all aspects of investing. From the first time investor, through to advanced strategies, Sue and her team has worked with investors through the highs and low of the market and coached them to success.

Her personal investing journey started as many do, with a simple a buy and reno strategy, and from those humble beginnings she began a career which has helped hundreds of other people achieve success in property.



Sue now speaks at and runs property events all over the country and has mentored many of New Zealand's top investors. As well as this, Sue oversees a team of highly skilled coaches and property consultants as they work with Kiwis every day to build a future of wealth creation in

