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property

June 2017
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26-page step-by-step guide to

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MY FAVOURITE INVESTMENT - WITH **PRUE MUIRHEAD**

She's gone from running a DJ business to becoming a national property investing success story, having taken the crown as this magazine's Investor of the Year in 2009. But **Prue Muirhead** believes she's still got plenty to learn – she believes education is about more than just book smarts, especially when it delivers invaluable experiences

How long have you been investing in property?

I have been investing in property since 2006.

What is your favourite/best investment and why?

It was an investment in life! We travelled around Australia with our (then) young children for two years. We homeschooled our children through Grades 4/5 to 6/7 and travelled this beautiful country. It was the best decision I have ever made!

My best property investment was a small block of units in Moe, country Victoria. The units were being sold by a lazy agent who had no email or mobile phone and would not return calls. The units were selling for \$320,000 (in total) and were already on separate titles. However, three of the tenants in place had not paid their rent for six months and there were constant arguments between Units 1 and 3. Plus, Unit 2 was scared of Unit 3's tenant, so it was like a television show.

All I needed was to move all of the four tenants out, engage new tenants and start again. I called and called the agent, and I went in strong with a cash unconditional offer of \$310,000. I actually think my offer was accepted because the agent just couldn't be bothered dealing with the tenant and hated his job!

The true value of these units, if sold separately, was \$500,000. So, because of all this, we ended up with an amazing \$190,000 in equity with 10% gross returns – from this one single purchase.



What has this investment allowed you to do?

My aim was to buy one property every year for 10 years, hold, and when we retired we would pay off the debt of half of the investment properties by selling as many properties as required. We would then live off the income/rents of the remaining properties. It sounded so easy!

We had no superannuation as we were working for ourselves, and certainly had no spare cash to ever dream of retirement. So in 2006 I purchased my first investment property, wanting to follow this strategy. In the end, the first 10 properties were all purchased within two years! I purchased smaller properties that were positively geared and I was able to manufacture growth

through changing the titles or dual incomes. Incredibly, this strategy gave me flexibility to then sell my underperforming DJ business and make up for lost time spent with my growing children as we travelled Australia.

What is your ultimate goal as a property investor?

I really love property investing – it feels like a game of Monopoly. I have no intention to stop investing in property. In the near future, I would like to do my first development. Like everything else, I expect a few issues; however I will work through these as necessary (good and bad) and the education will again be priceless. Investing to me is not about the money, it's about the freedom it provides! 🏡