



THE LIFETIME INVESTOR METHOD

ANDREW WEGENER

PROPERTY INVESTMENT

THE LIFETIME INVESTOR METHOD

We believe that property investment involves much more than just simply buying a property. It's about building the knowledge, habits and systems that will turn you into a successful investor, not just someone who owns an investment. Based on our study of property as an asset class, combined with our experience working with hundreds of investor clients, we've developed the **Lifetime Investor Method**. Its five key elements combine to dramatically increase your chances of investment success, while working to minimise risk for you at every stage. The Lifetime Investor Method creates the strong foundations you need to build a powerful engine of compounding growth that will smash your financial goals over the long-term.

As you'll see, this approach is not about applying a secret strategy or spruiking a particular type of property or method of acquisition as the one path to wealth creation. Instead, it's a fully integrated framework across all facets of the property investment journey that will hone your skills as an investor and set you (and keep you) on the path to a much richer financial future.



THE PLAN



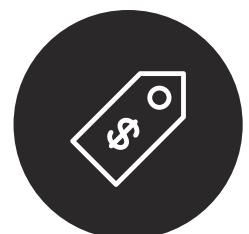
THE TEAM



THE TOOLS



THE PROPERTY



THE PRICE

THE PLAN



“Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat.” - Sun Tzu

For too many investors, tactics comes before strategy, if strategy ever comes into it at all. Having worked in the industry for the last ten years, and being assaulted with the relentless bombardment of property investment marketing, we’ve seen some common themes:

“My strategy is to flip properties”

“My strategy is to buy off-the-plan”

“My strategy is to negatively/positively-gear my properties”

“My strategy is to buy distressed properties”

“My strategy is to sub-divide”



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None of these are strategies in their own right. They mistake a tactic, such as the type of property you buy, or the way you finance it, or its tax implications, with strategy. A true strategy needs to consider your objectives (the ends), the tools you have to achieve your objectives (the means) and the environment you are operating in. These factors need to be addressed in detail before we decide how (the ways) to use the means available to achieve the ends we want .

So what kind of plan should you develop as a property investor? It should consider your financial means, primarily your **surplus cashflow, savings, assets** and **time**. It should consider what a realistic end-state is, given your means, that is balanced between **maximising returns** while **minimising risk** to you as the investor. Finally, it should take into account the specifics of residential property investment, notably **how** and **when** it produces its return, what **costs** you may incur as an investor, and how this is affected by **tax**.

Once we understand these key considerations, we can tailor a property investment strategy that is specific to your circumstances. It will be a lot more than simply 'buy property X in location Y'. It will recognise that residential property investment is a **powerful capital growth asset**, best held for the long-term. It will provide a fully integrated framework using all the tools at our disposal: **cashflow, savings, assets, and leverage** to build your machine of compounding growth, while smoothing out returns and reducing stress. It won't be a promise to get something for nothing, but it will reward your hard work and discipline in the short-term with a exceptional outcome over the long-term.



THE TEAM



When you want to build a house, you don't go and train yourself how to be a bricklayer, concreter, carpenter, tiler, plumber, electrician and roofer. Instead, you go and see a builder, who has brought together a team of these people to build your house for you.

And so it is with property investment. The property investment journey will take you across a number of sectors and disciplines, including real estate, finance, law, insurance, and tax. You'll want to build a **multi-disciplinary team** of professional advisers and service providers who work together to guide you through this journey, and provide critical expertise as you develop and execute your property investment strategy. A good team will also give you access to professional networks where you can obtain trusted recommendations.



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Ultimately, the truly professional investor realises they are not always the smartest person in the room, and surrounds themselves with experts to help them make decisions, temper their impulses, and reduce the chance of error. The right advice at the right time can literally save you hundreds of thousands of dollars: by avoiding a bad purchase, choosing the right structure or getting a better deal on your loan.

Unlike our builder analogy before, it's best for this team to be an independent one. Beware the one-stop-shop that promises to do 'handle everything for you'. In your council of war, you want advisors who have your interests at heart and are free to speak their minds, not a group of stooges who won't challenge assumptions or identify issues with the advice you are being given.

Just like the right plan will lead to incredible compounding benefits over time, spending the time to recruit the right team will set you up for a lifetime of accomplished, low-risk and low-stress investment.

Key members of your team include:

- Mortgage Broker
- Accountant
- Financial Planner
- Property Adviser/Buyers Agent
- Lawyer/Conveyancer

We can either help you recruit a strong team, and/or work with your existing trusted advisers.



THE TOOLS



The story of human history has been our ability to create and leverage tools to make our lives easier and more productive. Thankfully, property investment is no different. Indeed, there are myriad datasets, applications and systems that an investor can use to help identify and purchase a property, with tools that can provide valuable assistance across the following areas:

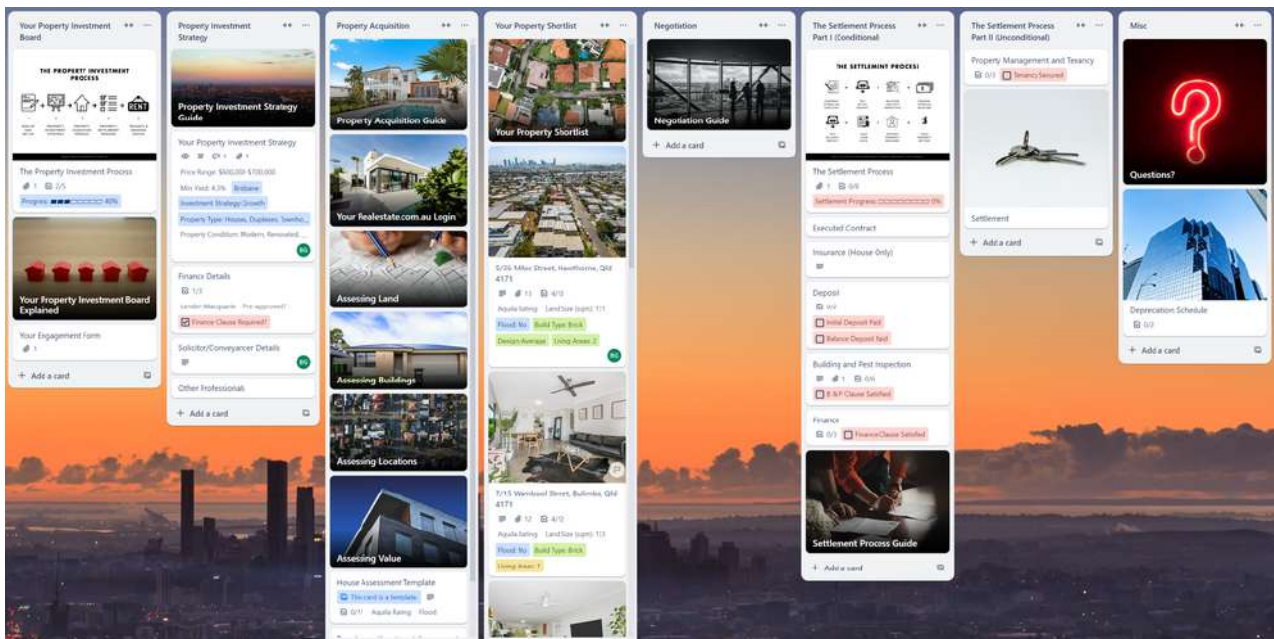
- Market Property Supply
- Suburb Supply and Demand
- Suburb Performance
- Suburb Demographics & Amenity
- Property Value
- Property Due Diligence



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In fact, there's so many different tools with so many different applications, that it can become a little overwhelming. They can also become dangerous when used by unskilled hands to solve problems they are not built for. That's where we can help. We have spent years exploring different property investment tools, and believe that the basis for using these tools is an education in the fundamentals of property investment. Through this education, you'll know what you are looking for, and how the tools available to you can help your decision-making. Too often, tools are thrown at the investor in a way that confuses, rather than clarifies, decision-making. By focusing on the fundamentals, you'll be in a strong position to apply these tools effectively to make good property investment decisions, and also understand and apply new tools as they appear in the future.

As part of our service, you'll also have access to our unique property acquisition system. This is where we have blended the most effective tools into a fully integrated acquisition system, that combines technology with our experience, and gives you complete visibility of and engagement with the process as it unfolds. It's the perfect platform to not only successfully acquire a property, but to build your property investment education and set you up for a lifetime of investment success.



Our custom-built property acquisition system synthesises data from a wide range of sources, and gives you meaningful, actionable assessment to help you with your purchasing decision.

THE PROPERTY



‘So what type of property should I invest in? Like choosing the right diet, this is where arguments can get pretty heated. Some people say you should only invest in houses. Others say you should only invest in capital cities. Others still say should buy only new properties for the tax benefits. Or you should only buy in hotspots. And so it goes on.

The reality is, of course, that you can make money on any property and in any location. Because we are fully independent, we are property agnostic - and as such, don't have a vested interest in recommending you a certain type of property. We also don't know exactly which locations and properties will have the best performance over the coming decades. Nevertheless, our research and experience indicate that there are certain locations and property types which will give you the highest chance of strong, consistent performance over the long-term, balanced with the lowest possible risk. As a result, we've developed specific criteria across three areas:



MARKET



LOCATION

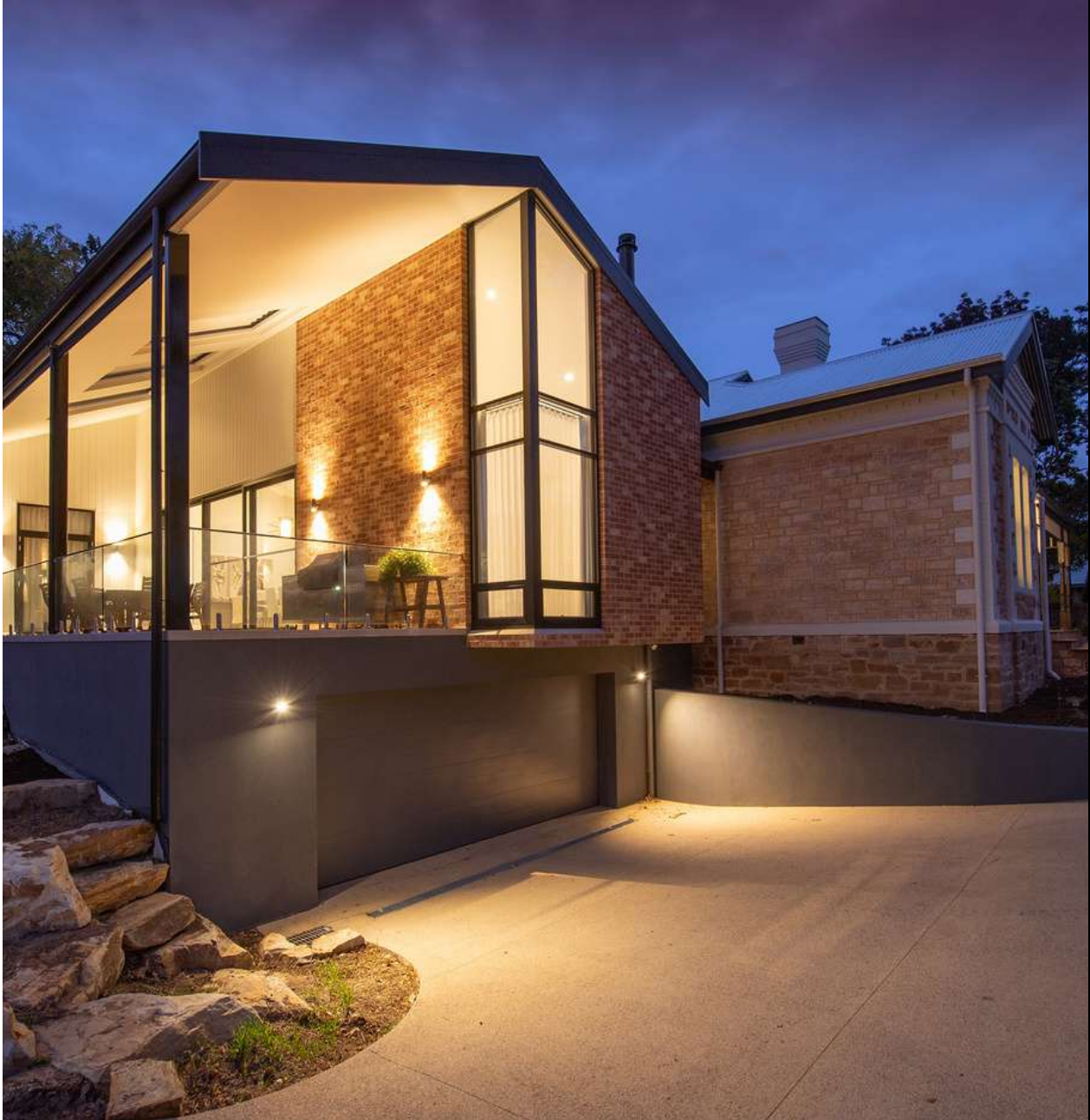


PROPERTY

Each of these areas will play a significant role in your overall return, so getting all three right is critical for ensuring the strong, consistent performance you need to deliver the returns you want. Here are some of the key observations that have guided our approach:

- Australia's capital cities have all achieved strong historical performance over many decades as an average. The same is true for many, but certainly not all, of our major regional centres.
- The best-performing locations within those cities have been established suburbs convenient to major activity hubs and services, with attractive lifestyle and amenity coupled with limited land supply.
- Land is the primary engine of capital growth for almost all properties. Houses have been the most consistent property type in terms of performance, primarily due to the growth in land value. Townhouses and low-rise apartments have also performed well in certain areas. The performance of high-density apartments has largely been poor.
- Overall, Australian property buyers continue to favour major, well-connected centres, established, high-amenity locations and more traditional property types; houses, townhouses and low-rise apartments. Looking to the future, for all the talk by our governments 'fixing' Australia's housing supply crisis, the limitations in land supply combined with the planning rules governments have set in place mean that over the long-term, there will never be enough of the property types that people want to live in in the locations they prefer. While this is not ideal for the country, it is the fundamental demand/supply equation that will give you confidence in your future returns as an astute property investor.

THE PRICE



“Price is what you pay, value is what you get.” - Warren Buffett

The lifetime investor understands that what value they are seeking, and understands that there is a price to pay for it. They are not necessarily on the hunt for bargains, but they are seeking to maximise the value they achieve, relative to the price they pay.



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There are a number of ways that we can assess value, and each is important to making a good investment decision.

The first is market value. This is fairly simple concept; what a **willing buyer** is prepared to pay to a **willing seller** on a given day with both parties acting at arm's length with all relevant information.

Judging it precisely is more difficult, but can be done with considerable accuracy if you have a thorough understanding of the subject property, plenty of similar recent sales and a good understanding of market conditions.

The second is what we call 'intrinsic value'. This is where we break down the property into the value of the **land** and the value of the **improvements**. This is easy enough for a house, which is just land, house and any other improvements, and more complicated for a townhouse or an apartment, where we must also consider development costs and common facilities. Combining the two gives us a good measure of the replacement cost of a property. It also alerts to us to the different elements of value within a property, which will appreciate at varying rates into the future. For example, well-located land is much more likely to appreciate than buildings, while certain types of improvements may have greater scarcity than other types, increasing their relative performance over time.

The final area of value is the income a property produces. This can be measured in absolute terms, where you calculate the income produced minus the expenses incurred, or measured as a yield against the value of the asset. This is an important measure to consider, to ensure that a property aligns with your strategy, and as a common-sense check to benchmark the property against the wider market and history, and avoid the mistake of getting carried away and paying too much.

Our approach is to help you fully understand the key elements of long-term value in a property, while seeking out factors that will reduce the price you pay relative to the value you secure. Can we find a more willing seller than usual? Can we find a property that is limited to a small pool of buyers now but will not be in the future? Can we exploit an informational advantage over other buyers? Can we use capital and innovation to accelerate the growth in value? Any or all of these methods can be employed to strengthen your position and reduce buying risk.



ABOUT THE AUTHOR

Andrew Wegener is a property investment adviser, buyers' agent and educator. He specialises in helping the next generation of investors master their money to build sustainable wealth so they can have less stress, more fun and find meaningful ways to help others.

In a largely unregulated industry that typically rewards conflict of interest and bad advice through undisclosed commissions, Andrew bats for his clients with independent analysis and recommendations. He's developed a reputation for detailed research and for speaking fearlessly and frankly on the property market and the property investment industry.

As the Director of Aquila Property Investment, he's kept busy working with clients to source quality investments in South East Queensland. He is particularly energised by working with younger investors buying their first property.



Considering taking the plunge and investing in property? Book in a free consultation with Andrew and get insightful and unbiased advice on your next move.

INSTANTLY BOOK YOUR

FREE CONSULTATION