



# EYES ON THE PRIZE

Sarah Rogers turned tragedy into triumph and used her inheritance to start building a property portfolio. She talks to Vivienne Kelly about being on track to accumulate 10 properties in 10 years, despite only earning \$50,000

Last year 24 year-old Sarah Rogers' property portfolio grew in value by \$50,000 - to equal her salary. In the space of two years she's acquired three properties and says she's on track to have 10 properties by the time she turns 30.

Sarah contacted *Smart Property Investment* in the hope of sharing her story and showing other young investors on relatively low salaries that you don't need to be rich to profit from property.

Sarah signed her first property contract when she was 21. She used the money she had inherited as a result of her father's death, combined with the Victorian First Home Owner Grant. The property was in Wodonga, Victoria and she had a loan amount of \$250,000 for the \$415,000 property.

"When I found out about the inheritance, all I could think was that I had to do something meaningful with it," she says. "So I read every book I could on investing and that sparked an interest in property investing."

## "IF I WAS TO REACH MY GOAL OF HAVING 10 PROPERTIES IN 10 YEARS, THEN I WOULD NEED TO MANUFACTURE GROWTH"

At this stage, Sarah was earning about \$65,000 per annum, but as a result of a career change, this has since dropped back down to \$50,000.

Sarah had settled in and was living in her Wodonga property while thinking she should begin building her portfolio.

Due to her financial situation, she had very specific parameters in terms of how she wanted her properties to perform.

"I chose to look in Albury/Wodonga because I know the area, understand what is happening there and where to buy," she says.

"I needed something that was going to be cash-flow positive or neutrally geared because my income wasn't high and I didn't want to put myself under financial stress."

She also realised that if she wanted to achieve her goal of 10 properties in 10 years she couldn't

## SARAH'S PROPERTY PORTFOLIO



Proctor Street, Wodonga, Vic

- Age at purchase: 21
- Purchase price: \$415,000
- Estimated current value: \$430,000
- Loan amount: \$250,000
- Rent: \$470p/w
- Rental yield: 5.89%



Nordsvan Drive, Wodonga, Vic

- Age at purchase: 22
- Purchase price: \$220,000
- Estimated current value: \$250,000
- Loan amount: \$232,000
- Rent: \$330p/w
- Rental yield: 7.40%



Kiewa Street, Albury, NSW

- Age at purchase: 23
- Purchase price: \$180,000
- Estimated current value: \$200,000
- Loan amount: \$190,000
- Rent: \$230p/w
- Rental yield: 6.64%

### TOTAL

- Properties: 3
- Purchase price: \$815,000
- Current value: \$880,000
- Loans: \$672,000
- Rent: \$1,030p/w
- Average rental yield: 6.46%

simply sit around and hope her portfolio experienced growth.  
 “My plan was a ‘buy and hold’ strategy, but I realised that if I was to reach my goal of having 10 properties in 10 years, then I would need to manufacture growth; just buying and holding wasn’t going to give me enough growth in a regional area,” she admits.

“So I started looking for properties that had a way to inject equity - be that through renovation, subdivision or development.”

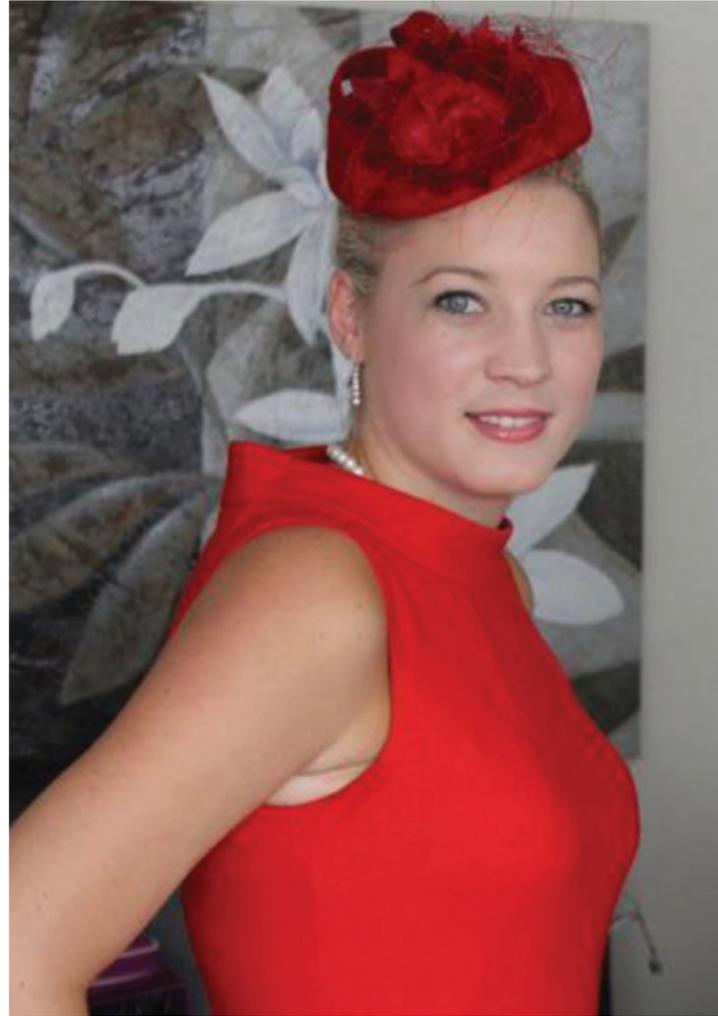
Sarah says after countless open homes and numerous rejected offers, she secured her second property - a four-bedroom, one-bathroom house in Wodonga.

She was able to purchase the property in 2012 for a discounted price of \$220,000. Sarah used equity from her first property and says the property was positively geared from the get-go.

Despite the seemingly ideal purchase, Sarah says the process wasn’t without its struggles.

“I had nightmare tenants at first,” she says. “They didn’t pay rent for months and when they were finally evicted, I had to pay to get the house cleaned up because it was left in a mess.”

“This was one of my first big lessons in property - don’t skimp on insurances. Get landlord insurance! Also make sure you have an active property manager. With the right property manager, this situation wouldn’t have got so bad.”



**“I NEEDED SOMETHING THAT WAS GOING TO BE CASH-FLOW POSITIVE OR NEUTRALLY GEARED BECAUSE MY INCOME WASN’T VERY HIGH AND I DIDN’T WANT TO PUT MYSELF UNDER FINANCIAL STRESS”**

Once Sarah had this property back on track she was ready to purchase again - “I had to do some tricky financing to get this one across the line because my earnings are low, but we got there.”

Her next purchase was in Albury, New South Wales - a two-bedroom old weatherboard house on a 947 square-metre block. Sarah purchased the property for \$180,000 in 2013 at the age of 23. She’s planning to redevelop the property and replace it with three townhouses.

Sarah concedes her big plans may have to remain on hold for a while though.

“I am having to wait to do the

development on this because I am young and life is rapidly changing. I guess life got in the way of investing, plus I have to build up some equity and borrowing capacity,” she says.

Sarah quit her job and flew to Europe with her sister for a few months last year. When she returned, she realised she wanted to work towards turning her love of property investment into a career.

“All of this time researching around investing and property made me want to be doing this as my career. I love it,” she explains.

She is now working on establishing her own business and studying so she can become a qualified property adviser and financial planner.

Despite the delay, Sarah has already fleshed out the numbers: she plans to generate a \$150,000 profit from the development project in Albury.

Sarah has since moved into her second Wodonga investment property so that she can undertake a cosmetic renovation on the first one in the meantime.

She plans to spend \$25,000 over the next year completely renovating the property and will be doing a lot of the work herself, with the aim of generating a return of at least \$50,000. This project is part of Sarah’s aim to manufacture equity to fund her Albury development project.

Once the cosmetic renovation on the Wodonga property is completed, Sarah will focus on the development project in Albury, which she hopes to undertake in 2015. This will give her a total of five properties.

“I don’t think I will have any

new purchases this year,” she says. “This year is about getting back on track after my crazy year in 2013 with travelling overseas, moving to Melbourne and Sydney then moving home again, plus the property purchases.

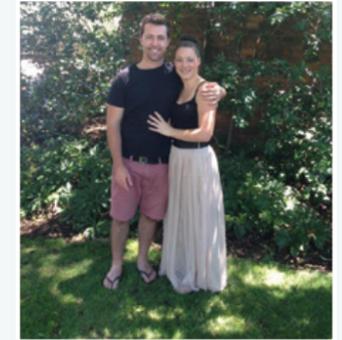
“This year is about working on my career and building up my savings. I love having my career correlate with my investing. I want to eventually branch out into a specialised area of financial planning, where I can help people set up their property investment portfolios.”

Sarah has recently had her properties revalued and realised she has gained \$50,000 in equity.

“That is my year’s wage, and I earned that by doing absolutely nothing! This is before I started any renovations,” she says.

“It’s great to know that my hard work is paying off and that property works. And all of this happened whilst I was travelling, changing careers and on a low income.” ■

**BIGGEST ACHIEVEMENTS**



● Sarah says her personal “yay moments” are making a year’s wage by doing “absolutely nothing” and accumulating three properties by the age of 23. Her future

goals are to net \$150,000 profit from her development project and establish a successful property investor-focused financial planning business.

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