



**7 REASONS WHY 95% OF  
PROPERTY INVESTORS  
NEVER OWN MORE  
THAN 2 PROPERTIES.**



# INTRODUCING: Luke Harris



Luke Harris is a wealth creation mentor working in partnership with the team at Changing Places, specialising in Australian property Portfolios. He has been investing since he was 20 years old; he's now 33 years old and holds a multimillion dollar portfolio. But this is not to say he's a stuffy, boring guy rocking around in a penguin suit. Luke is a young, savvy man who happens to be very good at investing.

His personal and professional mission is to assist motivated, focused people to grow past their comfort zones, create their '3D' Visions and create growing property portfolios, which, done properly, he believes to be the best and most secure way to create wealth these days. He works with committed investors from all over Australia.

Most Australians will retire on the poverty line, but Luke's mission goes beyond this – he doesn't want for his mentees to be “okay” financially, he wants them to be completely free to reach their fullest potential. Luke's emphasis is on getting clear and focused on:

the 'Dream',  
the 'Date' and  
the 'Dollars'

If you don't know why you want to move beyond your current circumstances, then you won't be able to create a sensible, safe plan, and stick to it. Everyone is different; Luke's mission is not about reaching for common ideals; instead it's about encouraging people to dig deep and move past the fear that prevents so many Australians from achieving their dreams!

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# CHAPTER 1:

## Failing To Plan

We have all heard it said; 'if you fail to plan, you plan to fail'. Familiar but how many of us actually go out there and set out a real solid plan for our financial futures?

The first reason most property investors fail to achieve the results they are after is that they lack a plan. Many 'wannabe' property investors will go and speak to their accountant, financial planner or even worse – their friends and relatives – who often know very little about property.



By speaking to the wrong people, they very quickly get confused and disillusioned by the thought of investing in property.

If you are speaking to the wrong people, it is highly likely that you will also be getting a lot of misinformation about the property market or about investing in property.

How can you possibly set out on a plan for your success, when the very people you are talking to are feeding you the wrong information or trying to talk you out of it?



**Having a clear and concise plan is paramount to your success in property."**

In property investing, having a clear and concise plan is crucial to success.

With so much information out there these days, investors need to know how to guide themselves through the maze of conflicting ideas and understand what is relevant.

The best way to plan anything is to know where you want to end up. Think about the last time you went away for a holiday. Did you plan it? Or did you just go to the airport and buy a ticket? Doing this example makes sense: well, of course I planned my holiday are you crazy? I was on the net for weeks looking up the best places to eat, shop and have fun. If you put this much effort into planning your property portfolio you could be well on the way to financial freedom.

We all, to a extent, have short term goals. But we really need to think of property as a long term plan that can help us in retirement.

As Babe Ruth said: making predictions ain't easy, especially about the future.

However, we do know that improved healthcare and economic abundance have resulted in people living longer than their parents.

When budgeting for retirement, try to go for the maximum life expectancy. Men can expect to live up to 85, women to age 90. This means that if you retire at 65, you need to fund your living expenses for at least 20 to 25 years, if not more. When was the last time you thought seriously about that?



**If you don't make a plan,  
nobody will do it for you".**

A further guide to your life expectancy can be gained by looking at your family's longevity and medical history, and considering, your own lifestyle and medical history. It's never too early to start thinking about how to maximize your income in retirement.

By acting earlier, you have a better chance of achieving and funding the life style you want. Get started on a plan today. If you don't make a plan, nobody will do it for you.



# CHAPTER 2:

## Knowledge of Finance

Property investing is more than having a plan and buying a property.

Without finance, you'll be going nowhere

In fact, property investing is all about finance. There is a lot to learn about how to structure your loans, and how to work with lenders so they keep lending you money to grow your portfolio.

So you've decided on an investment property; you go into the local branch of your bank and they tell you that you are able to borrow enough for an investment property. Great? ... Wrong



The biggest objection to simply borrowing from your bank is that you are neglecting the many alternatives that exist, some that offer strikingly better terms than your bank. Most people simply have no idea what their options are, or what the bank is doing behind the scenes to procure the money they offer to lend.

Sure, all of the information is there for you, in the fine print, so technically they aren't deceiving you. But the guy or gal at the bank is most probably not a property investor



## The BIG 4 Banks In Australia Currently Hold Over 82% Marketshare!

Did you know that by having the wrong loan, you could massively reduce the chances of further borrowing and pay too much in interest and charges?

Worse still, you may put the bank in the position of dictating your future borrowing potential. You need to take control of your lending and learn how to beat the banks at their own game.

When Financing property, it is crucial that you have a property strategy to help you to continue acquiring properties. The average mortgage broker often understands how to secure one loan for you, or re-finance an existing loan, but does not have the experience to plan a strategy that will see you purchase property after property, and grow your portfolio.

**LEARN** how the banks assess your application, and what they are looking for.

**UNDERSTAND** how the credit scoring systems work, and how your application will rate with different lenders.

**OBTAIN** a copy of your credit file, and understand what it means for your mortgage application.

**BEAT** the banks at their own game, by using a mortgage broker who is also a property investor.

**ASK** lots of questions; ensure that you understand the product that is being recommended to you, and why.

**PLAN** your finance strategy in advance, so that you know how to secure property number 3, 4, 5, and so on.

## CHAPTER 3:

# Understanding The Purpose of Each Property

Buying property is easy. Anyone can do it. But how do you know if you are buying the right property? With so many properties available for purchase at any given time, how do you pick the one that will help you achieve your dreams?



Often you hear friends, family or colleagues speaking of the next hot spot and that a particular area is about to boom.

Too many investors follow the herd and jump into buying in an area because of something they read in the paper, heard at a seminar or read on an email. I'm talking about other people, surely that's not you

As a property investor you need to get your education first, before you even discuss the properties that you want to invest in. Property selection, to most people, is the starting point, when building a property portfolio.

But any successful investor will tell you that this is actually the last step in the process. As human beings we are emotional creatures, we often fall in love with a particular area or property first, and only then set about justifying to ourselves why it makes a good investment.

The most important part of investing in property is to understand the numbers behind the investment, and how it will fit into your entire strategy.



strategy? What's that? If you don't have a property strategy, you will never know what properties will work for your own unique situation. Your property strategy forms part of your overall plan, and you must create it before going on the hunt for a property.

- ?? Where should I invest?
- ?? Should I buy an apartment or a house?
- ?? Do I need positive cash flow or a negatively geared property?
- ?? Should I buy a new property or an old one?
- ?? I've heard you can make a lot of money doing renovations?



- TIP** Get help to devise a strategy that fits your personal plan.
- TIP** Avoid 'hunting' for a property until you are ready. Property investing is all about the numbers.
- TIP** Ensure that, before committing to a property purchase, you know how it will affect your current situation and any future acquisitions.
- TIP** Don't get emotionally attached to any particular property.

When reviewing your strategy, you need to look at your skillset and how you will be able to manage your portfolio into the future. You will need to consider your current age, the career or business you work in, financial position, exit strategy and much more.

For example, a renovation project may be perfect for a carpenter who has the spare time to devote to it, but a couple in their 50's may not have the skills, time or resources to take on such a project. There is always an exception, and the TV shows can make it all look easy, but in reality it isn't always simple and costs can blow out easily.



# CHAPTER 4:

## Fear of Failure

The reality is that we really could take on the world if we wanted to. We were all born with potential, and the ability to achieve whatever we set our minds to. Over time doubt creeps in and we start wondering if we really are able to achieve our goals. Fear of failure is one of the biggest obstacles to building a massive property portfolio.

Before we work on your portfolio... let's work on you.

Fear of failure is something everybody will encounter at some stage in their life. Investing is no different in this regard. Sure, it can be scary and yes, a lot of people have failed but that doesn't mean you will.

It's easy to convince ourselves that we shouldn't start that new diet and go chomp on some chocolate instead. Besides, you tried a diet once and it didn't work, right? With a diet, there will be some short term pain involved. You won't be able to eat as much cake, chocolate and all those yummy foods and yes, you will have to get off your butt and go to the gym or go for a run! To reduce the chances of failure, people use a personal trainer to help them get to the next level, then to the next, until their goals are reached.

Equally, we can justify to ourselves that our current financial situation is 'okay' and that we had better not try anything risky - like property investment - because we might lose everything.

Spend some time working out exactly what you are fearful of. Most of us have these fears that hold us back but the simplest way of overcoming this is to work out, and confront the question: "what am I really worried about?" Make a list for yourself, and then discuss it with a trusted adviser who has done what you are trying to achieve.

Working out, deep down, what is holding you back is likely be one of the most productive things you can do.

# CHAPTER 5:

## Research

Success is in the details. Building a successful property portfolio will always depend on your ability to conduct thorough and detailed research to ensure the investment stacks up. Learning how to perform this research and do your 'due diligence' is a key piece of the jigsaw puzzle for building wealth through property.



Conducting your research starts well before you start looking at properties to add to your portfolio. Many people assume that the research on the property is the most important thing to do and that purchasing the perfect property will set them up for life.

Your research needs to cover everything from setting up your expert team, through to researching finance options, asset protection, structuring and of course the property itself. Establishing an effective network of professionals to help you structure, finance and grow your property portfolio will allow you to fast track your success. The team around you, your 'mastermind team' if you like, will help you to build wealth faster than any individual property on its own.

Research and find professionals that can help you and pay for their services. Their fee will be negligible when compared to the value they bring to your strategy



**If we knew what it was we were doing, it would not be called research, would it?"**

(Albert Einstein)

# CHAPTER 6:

## Vision

Write down your goals; it's the only way you will ever achieve them. "Yes, but I wrote down my goals last year and I still haven't achieved them". Goal-setting is one thing, but setting out a clear vision for your future is stepping it up a notch and will allow you to bring laser-like focus to your property investing.



Creating a vision, or statement of purpose sounds like a daunting task. To some it may be a bunch of hippy nonsense that really doesn't mean much. Look at any successful person, whether it be Bill Gates, Oprah Winfrey or Richard Branson, They all had a vision of their success in their minds at some point.

None of these people woke up one day and became successful, and most certainly none of them were born that way. For you and I, creating a vision is the best way to grow as a person and achieve great things, bigger and more wonderful than we ever have before. To get to the next level, you must create your vision for the future.

Are you starting to see that investing in property is much, much more than buying a bunch of properties? Your Vision Statement is more than a list of goals or objectives. It is a statement of the overarching purpose of your efforts, and will help you in those tough times where you get off track. Your vision statement is about the overall result of your success, and about what sort of life you will be living as a result of your investing efforts. It will be less about tangible acquisitions, and more about the inner state you want to achieve, and how it will affect those you care for. Want to get started? Get writing. Start listing out all of the things you want in your life and expand on them; how you will feel, and how your success will affect those around you. Incorporate your goals into this statement, and you will be closer to knowing why you are investing in the first place.

# CHAPTER 7:

## Exit Strategy

As we have discovered already, one of the reasons property investors never own more than two or three properties is because they don't know what they want to achieve through their investing. But even those that do get started rarely do so with an exit strategy in mind. Having an exit strategy is absolutely necessary to ensure that the portfolio actually fulfils your Vision.



**An exit strategy is imperative for any property investor that wants a multimillion dollar portfolio."**

So does having an exit strategy mean you need to sell your whole portfolio at some stage to cash in? Absolutely not. Having an exit strategy is not a definitive or final decision on what to do with your property portfolio. Nobody would ever know this from the outset. But it is a guide to the following key issues:



1. How each property assists with building further wealth.
2. How you will use your portfolio to fund your lifestyle.
3. At what point income from your your property portfolio will replace your conventional income.
4. Tax planning to discuss with your accountant.
5. What you will do with your portfolio if (when) you die.

An exit strategy, correctly aligned with your Vision and goals, will bring clarity to your investing. An exit strategy is imperative for any property investor who wants a multimillion dollar portfolio.

# MMAR :

As with any successful business, planning is vital. This ebook highlights, more than anything else, that careful planning is the most important part of your property portfolio.

Between you, your expert team, excellent research, detailed planning and the commitment to yourself to achieve your dreams, you are well on the way to setting up the life you truly desire.



**Without knowledge, action is useless, and knowledge without action is futile.”**

**(Abu Bakr)**

Nobody can do this for you; you will have to make some sacrifices, learn new things and get out of your comfort zone. It will not always be easy, but it is well worth it, if you can just hang in there. Treat your property investing as a business, make business decisions based on the numbers, and before you know it, you will have achieved more than 95% of property investors out there. If you have read this far, I commend you for your commitment in finishing this ebook. Take what you have learned and keep learning, but don't delay investing, waiting for the perfect time or opportunity to come along.



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