

\$3 MILLION BEFORE AGE 30

AND SHE'S ONLY WARMING UP

At just 28, **Tina Pham** already owns a property portfolio worth more than \$3 million. With three successful renovations behind her and several developments in the pipeline, the sky's the limit for this young gun. Kate Miller reports

She hasn't even reached the Big 3-0, but Tina Pham has already accomplished more than many people twice her age.

Having first cracked the property market at just 21, Ms Pham is proof that with a bit of determination and creative thinking, property investment can work for you, no matter how early you start.

"Anyone can own a property," she says. "No matter how much income you earn, it is possible."

Ms Pham first saw the opportunity in property investment while working as a mortgage processor for a non-bank lender.

"I was processing all of these applications for people who had 10 or 15 properties and they were so young," she says. "I thought, how are they doing this?"

"So I started reading and researching and I was like, wow, people can buy properties and you can borrow up to 100 per cent so you might not even need a deposit! This is awesome."

Ms Pham soon put in her own application for a mortgage and was excited to discover she had been approved for a 95 per cent home loan. With this pre-approval under her belt, she wasted no time in securing herself a two bedroom unit for \$255,000 in Campsie, approximately 15km southwest of Sydney's CBD.

She admits her first purchase was rather impulsive: "The excitement got the better of me," she says. "I kind of bought the second property I saw. I thought, this is the one!"

To secure her First Home Owner's Grant, Ms Pham moved into the Campsie unit for around one year before moving back home with her family and renting the unit out.

Fortunately, Ms Pham's spontaneous purchase paid off, with the unit selling for \$345,000 just two years later, in 2006 – a decent 35 per cent capital growth, or \$90,000. A \$10,000 renovation helped to quickly drive the property's value up.

"I couldn't actually believe how much I made," she says. "I was very happy with the result."

While Ms Pham had always considered property a smart investment, it was only then that she saw the full potential for building wealth through real estate. "It wasn't until I actually sold it and made such a large profit that I thought, wow!" she says.

After selling the Campsie unit, she took a break from investing to pursue her other passion, travel. But by 2007 she was back in the game with the purchase of a three bedroom duplex in Greenacre, a suburb slightly further west from Campsie, and a block of land in Nanango, Queensland.

In 2010, Ms Pham's property investment activity really took off. By then, she had begun working as a mortgage broker and her exposure to the home loan industry, as well as her close ties to a boss with a passion for property investment, fired her enthusiasm.

"That's when it kind of went out of control!" she laughs.

Between October 2010 and July 2011 Ms Pham purchased a further eight properties.

A vast majority of Ms Pham's properties are located in Sydney's southwest, in keeping with her strategy to concentrate largely on affordable properties that place as little as possible strain on her finances.



KEY POINTS

- Anyone can own a property
- Main focus is southwest Sydney
- Getting finance sorted out is key
- Accountants and conveyancers are important
- Cash flow is critical

“Because my properties were neutrally geared, that allowed me to keep borrowing,” she says.

“Lakemba and Wiley Park are very close to Campsie but it is much more expensive in Campsie. I monitored the market for a while and when I started buying these properties they were actually positively geared.

“I thought, well why not [buy]? At least then I have the properties there and I don’t have to put anything into them because all of the deposit comes from the equity in my house.”

RENOVATION AND DEVELOPMENT

In addition to a strong focus on cash flow, an important aspect of Ms Pham’s investment strategy is to accelerate the wealth building process through renovation and development.

Following the minor renovation at her first property, she embarked on her first ‘professional’ renovation – at a unit purchased in nearby Merrylands in 2010.

Ms Pham describes the project, a complete overhaul of the kitchen and bathroom as well as painting and new

flooring throughout, as “a real learning curve”. Understanding and appreciating the time involved in renovating was the biggest challenge, she says – unsurprising, given that she set herself a very ambitious three-week renovation schedule.

“I went in and thought we could paint within three days and we could do this and we could do that and so on,” she says.

Rain caused the paint job to be drawn out significantly, however, while the tradesmen took seven days rather than the three quoted to complete the bathroom.

Fortunately, however, the project only took slightly longer than the projected three weeks and was just \$3,000 over budget, which was within her \$5,000 buffer. Moreover, Ms Pham was thrilled with the result, which saw the property sell for \$280,000 in September this year – a profit of just over \$40,000.

Since then she has renovated and sold her two bedroom unit in Lakemba. With the total project costing \$20,000, delivering a sales price of \$298,000 in October this year, Ms Pham came out with another pleasing profit – again around \$40,000.

“We saved more time as we now know the order of how to do things and have corrected a lot of the mistakes we made with Merrylands,” she says.

ONWARDS AND UPWARDS

Ms Pham plans to become even more adventurous with her projects. Currently, she is working on a duplex that she is having built in Redcliffe, Queensland.

She has also had plans drawn up to extend a Burwood terrace from two to four bedrooms in 2012 and is hoping to subdivide one of her properties in Wiley Park in order to add another unit onto the back of the block.

“They are quite small projects,” she says modestly, “but I just want to get the funds there so that I can do bigger projects.”

With her vacant block in Nanango, however, she hopes to do “something really big”: “The land is really big, around three acres, so I’m thinking of something like a subdivision, development – the works.”

Her goal is to build cash flow, with a strategy that allows her to keep reinvesting, building and developing and to direct any profits back into building her portfolio.



GROSS PROFIT: \$41,000

Renovation Riches

Tina’s first professional renovation in Merrylands, NSW saw her turn a profit of \$38,000

Purchase price: \$223,000
Date: October 2010
Renovation spend: \$16,000
Sale price: \$280,000
Date: September 2011



Tina’s property journey so far

TOTAL PORTFOLIO VALUE: \$3,101,000
TOTAL RENTAL INCOME: \$2,800 p.w / \$145,600 p.a
AVERAGE YIELD: 5.8%

PURCHASE DATE	LOCATION	PROPERTY TYPE	PURCHASE PRICE	SALE PRICE (YEAR SOLD)	WEEKLY RENTAL INCOME	CURRENT VALUE	GROSS YIELD
2004	Campsie NSW	2 bed unit	\$255,000	\$345,000 (2006)	N/A	N/A	N/A
2007	Greenacre NSW	3 bed duplex	\$490,000	N/A	\$420	\$650,000	4.5%
2007	Nanango QLD	Vacant land	\$110,000	N/A	N/A	\$150,000	N/A
October 2010	Lakemba NSW	2 bed unit	\$240,000	\$298,000 (2011)	N/A	N/A	N/A
October 2010	Merrylands NSW	2 bed unit	\$223,000	\$280,000 (2011)	N/A	N/A	N/A
March 2011	Wiley Park NSW	2 bed unit	\$233,000	N/A	\$320	\$250,000	7.1%
March 2011	Lakemba NSW	2 bed unit	\$235,000	N/A	\$330	\$250,000	7.3%
April 2011	Burwood NSW	2 bed terrace	\$640,000	N/A	\$520	\$700,000	4.3%
May 2011	Redcliffe QLD	3 bed house	\$295,000	N/A	\$350	\$295,000	6.2%
May 2011	Kippa Ring QLD	3 bed house	\$306,000	N/A	\$380	\$306,000	6.5%
July 2011	Wiley Park NSW	3 bed house	\$500,000	N/A	\$480	\$500,000	5%

“My goal is to be able to do bigger and better developments and to be able to pick and choose what I do,” she says.

“I want to get to a point where I can retain property with no mortgage and live on the passive income of the rent.”

A FINANCE FOCUS

Having worked as a mortgage broker, Ms Pham has the edge when it comes to getting her finances in order.

“A common issue a lot of investors face is getting the finance side right, so I’m fairly lucky in that I have that sorted,” she says.

“I keep all of my properties separate

because I know in the future when I start selling it’s a lot easier.”

She has also structured all of her loans to be interest only, which keeps her loan obligations low, but if she wasn’t a broker, using one would be top of her priority list, she adds.

“A good mortgage broker will be able to help you maximise your capacity to borrow and structure your loans correctly to allow you to continue to grow your portfolio,” she says.

Ms Pham advises other aspiring investors to team up with a good accountant and a good conveyancer.

“A good accountant will tell you all the tax tips to ensure you maximise your tax benefits while your conveyancer will take the headache out of the settling process,” she says.

“These are the three people who make this possible and will make it so much easier for you.” ■

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