**HEADING: Learning from adversity**

**STANDFIRST:** Investing was a path out

**PHOTO**: Esme Chin

**CAPTION**: Esme Chin

By Paul Dykes

Respected property investor Esme Chin is a great example of what can be achieved by a single person faced with adversity.

She told delegates at the NZPIF national conference in Napier in October that she suddenly went from contented wife to over-40s single mum after her husband of 20 years dumped her by email after failing to return to Australia from a trip back to see his family in Malaysia.

In the process of sorting out her affairs, Esme came across his life insurance and was shocked to learn he had two other wives and two daughters she didn’t know about.

To compound the matter, at the same time she was given two weeks notification to terminate her coffee shop lease, a $240,000 coffee shop investment in a busy shopping centre – eventually having to sell it at a “fire sale” price.

“When bad things happen, they don’t happen one at a time, they fall on your head one after another,” she explained. “My world collapsed. Over 40, unemployed, with half my life gone, I had little assets and nothing to show for all my years of hard work” – this was not how it was meant to be.”

Feeling lost, she flitted from one seminar to the next, searching for who knows what. Finally, Esme attended a Hans Jacobi talk about positive cashflow rentals and heard how his student, a chef, bought 18 properties in four months in New Zealand – astonished, this was the kick start she needed.

She says she realised that, for her, property was the safest way to make money – it doubled in value within 7 to 10 years. If you made a mistake, she says, it was forgiving – if you kept the property long enough, it would go up in value.

For Esme, investing in the share market could mean losing half your hard earned money as in the case of the GFC. Also, running a busy business was tough – high wages, high rents, high overheads – there’s no relief. So property was her choice. “I have control. I can either add value to it, or leverage it.”

She is a big advocate of goal setting, putting your plans on paper to aid visualisation and affirmation. She also keeps a journal that serves her as a personal diary, a place to write up her successes, her ideas and the outcomes – whether a mistake, or the solution.

For her, being rich is a mind-set game, about 80% mind-set and 20% strategy. She had to come to terms with how best to handle debt, and to realise that not all debt was bad.

“For me, good debt means buying assets that put money in your pocket, and go up in value. Bad debt is things we buy using credit cards, the minute you buy it goes down in value, eg a flat screen TV.

She says she realised that the poor spent their money on stuff, the middle class on liabilities they thought were assets, eg their own home, or car. The rich spent their money on assets.

Her strategy has two simple steps:

1. Buy 50 cashflow-positive properties, buying, renovating and extracting the increased equity. In one year, she bought 14 properties.
2. Land bank – buy a house on as big a piece of land as one can afford and come back to it in 20 years to develop it.

Over time, she added two new strategies:

1. Buy, hold till the value goes up and then flip
2. Property development – make chunks of money to pay down debt or buy more properties to add to your portfolio. “To mitigate my risks, I do joint ventures with experts.”

Esme says she is a lazy, hands-off investor. “I do things once and get an endless income stream. I work on my business, not in it.

“I structure my business to be duplicable, borderless, and scaleable. So, I can scale to U.S or N.Z. or any other country I want. I have an abundant, not a scarcity, mind-set. I don’t micromanage, I don’t money pinch and I don’t believe in scrooging my way to wealth. I am a big-picture person. I play to my strengths.

“I allocate my weaknesses – I outsource everything, eg a carpenter goes all over Australia to do my renos, so, no pressure on me. I manage my property managers. I do all my business using my iPhone – I phone/email/skype.”

Esme classifies herself as a passive investor. “I buy sight unseen, but I do my due diligence, such as Google map, getting pest and building reports. It’s a numbers game, if the numbers stack up, it’s a deal. This stops me from being emotionally attached.

“Property is like a money tree – the longer I hold it, the more fruit it bears. I hold the properties for as long as possible, to access the profits by borrowing against them. I pick the fruit again and again.”

Esme then explained how she saw the Australian property market working, and highlighted a number of the investments she had made across Australia. The property portfolio she started in 2008 is now valued at about A$6m (NZ$6.6m).

“If I were to invest in New Zealand, I would most likely invest in first-tier cities like Auckland and Wellington and in second-tier cities like Hamilton and Queenstown, for future capital growth. If the properties are negative cashflow, I would use Airbnb to make it neutral or positive cashflow and would also look into renting the place out room by room or explore the possibility of adding a granny flat.

“I believe in making my own investing decisions. If I make a mistake, I have no one to blame but myself. Only I have my true best interest at heart.”

Esme summed up her speech saying you need luck, guts and applied knowledge to succeed in property investing. “Just just do it!

“There are three types of people: those who make things happen, those who watch things happen, and those who ask, what just happened.”

**ENDS**