

Sailing into riches

Aged 31, with plans to retire by 40, Damien Geyer's ever-expanding portfolio is something to marvel at. He tells Ben Hansen his story



Damien Geyer has always wanted to be wealthy. After several years as a diving instructor and captaining a dredging ship in Western Australia, he never considered investing in property as a means to reach his goal. That was, until he discovered *Your Investment Property* magazine in an airport newsstand.

Damien says it has changed his life. Ever since reading *YIP*, he has been reading as much on property investing as he can. "I'm trying to educate myself," he says, adding that something about the topic has resonated with him.

He is now thinking of moving into development, after making a number of property deals already. Yet in spite of his recent enthusiasm for investing, he says many years ago it would be hard to imagine he'd ever be taking this route.

He thinks back to how things were in 2007. Back then he was in a stable job on a dredging ship that required him to spend a lot of time in WA. He had decided to buy a two-bedroom unit in Cairns for \$195,000, but had no intention of turning this into an investment. He simply wanted a home for his partner and two children to live in while he was away.

Even so, it turned out to be a poor choice of destination as far as growth in property prices was concerned. Damien reflects on how a high Australian dollar a few years later started discouraging tourists to the area. Since this industry is vital for the local economy, property prices started to stagnate. It meant growth in his two-bed unit was about as flat as the Cairns seascape on a windless day.

When Damien eventually decided to give property investing a proper crack, he took the lessons he had learned from his first purchase with him. He decided that if he was going to invest in Cairns again, he'd need some way of creating value growth himself.

With this in mind, he began looking for properties with the potential for development or a renovation. He eventually found a tired looking two-storey, seven-bedroom house that met his requirements. Four of its bedrooms

were downstairs, three upstairs, which allowed him to rent the downstairs area out for \$400 a week while he carried out a renovation.

Having this income stream came in extra handy as it covered his mortgage and shrank his holding costs. At the time of writing, Damien's renovation was yet to be completed, but he is expecting great things. "I'm hoping to add about \$125,000 in value to its original asking price," he says.

Going further

By the time Damien began looking for his third purchase he was ready to purchase outside of Cairns. "I guess I wanted a property with more growth potential than what I had bought before," he says.

After researching locations with large developments that many predicted would produce high rental returns, Damien eventually settled on Gladstone in April last year.

"I'd been working in Karratha and Dampier in WA, and after seeing the ridiculous property prices in these boom towns, I thought Gladstone showed all the signs of doing the same thing," he says.

Recent price growth shows he made a good choice. Twelve months after buying a \$425,000 Gladstone property off-the-plan, he had it valued. Its value came in at \$460,000 – growth of close to 9%. The yields he is getting on the property are even more impressive. With his current tenant paying \$800 a week, his rental returns are at 9.8%.

Wanting to emulate his first Gladstone purchase, Damien decided the coastal Queensland town would be perfect for his fourth property purchase. Earlier this year he purchased a recently renovated home, which he says appealed to him because of its development potential. At 800 square metres, he thinks the block could easily be separated into eight properties: six strata-titled units in the existing building and two townhouses.

Now Damien is at a point where he is unsure of whether he wants to look outside of Gladstone.

"The original plan was to hold for three or four years. Then, once it peaked here, I'd sell and leverage into Sydney or somewhere more blue chip. For now though, Gladstone still seems pretty viable." 🏠

Damien's portfolio

Area	Type	Purchase date	Purchase price	Current value	Loan	Weekly rent	Yield
Cairns	2-bed unit	Nov 2007	\$195,000	\$210,000	\$170,000	\$225	6%
Cairns	7-bed house	Aug 2010	\$375,000	\$400,000	\$344,000	\$420/PPR	5%
Gladstone	3-bed house	Jan 2012	\$465,000	\$490,000	\$451,000	\$580	6.4%
Gladstone	2-bed house	Jun 2012	\$425,000	\$465,000	\$421,000	\$800	9.8%
Total			\$1,460,000	\$1,565,000	\$1,386,000	\$2,025	