

# Never too late: Pieter and Eileen Engels



**Eileen and Pieter Engels started investing in property in their mid-forties and are now well on their way to rich retirement.**

***Tim McIntyre explains***

**F**ate is a very real concept for Eileen and Pieter Engels. It was fate that brought them together from opposite sides of the world, and fate that saw them setting up house in Nowra, located a couple of hours south of Sydney by road. But fate can only get you so far, and it wasn't until the couple was in their mid-forties that they decided to take charge of their destiny by investing in property. Now, they own their house outright and have bought two exciting investment properties, with a third in the works. They have also just sent their eldest daughter off to university, after she blitzed the HSC to finish in the top 1% of the state. Things have never looked so good for the Engels family, even if it took them a little longer than anticipated to get there.

### **The love boat**

Eileen grew up in Eden on a farm in the far south of NSW, while Pieter hails from the Netherlands. The pair first laid eyes on each other on a cruise ship, where both were working, a long way from either of their homes, and soon became friendly.

"I'm a hairdresser by trade," says Eileen. "I had gone overseas to visit both of my parents' home countries, they were both from Europe. After two years away, I'd come back to the farm and this English company was ringing me to go

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and work on one of their yachts ... by the time I'd [travelled to Sydney and] got my passport done, and went onto the New Amsterdam (ship), fate would have it that Pieter was there."

Pieter was working as an engineer on board the Holland-America liner. However, the two did not meet on this initial occasion.

"Pieter was there, but I didn't meet him that first month. He went home for his two-month holiday, then he came back and I met him after that," says Eileen.

The two began to meet regularly in the gym and for coffee and grew close.

"It's freaky when you meet someone on the other side of the world and know they're the one," says Eileen, who originally wondered how they might make it work.

"As chance had it, my company had a return ticket for me to be able to catch this ship, and part of that was an around the world ticket," she says. "So I went to the Netherlands with him and met his whole family, he asked me to marry him, and we were engaged."

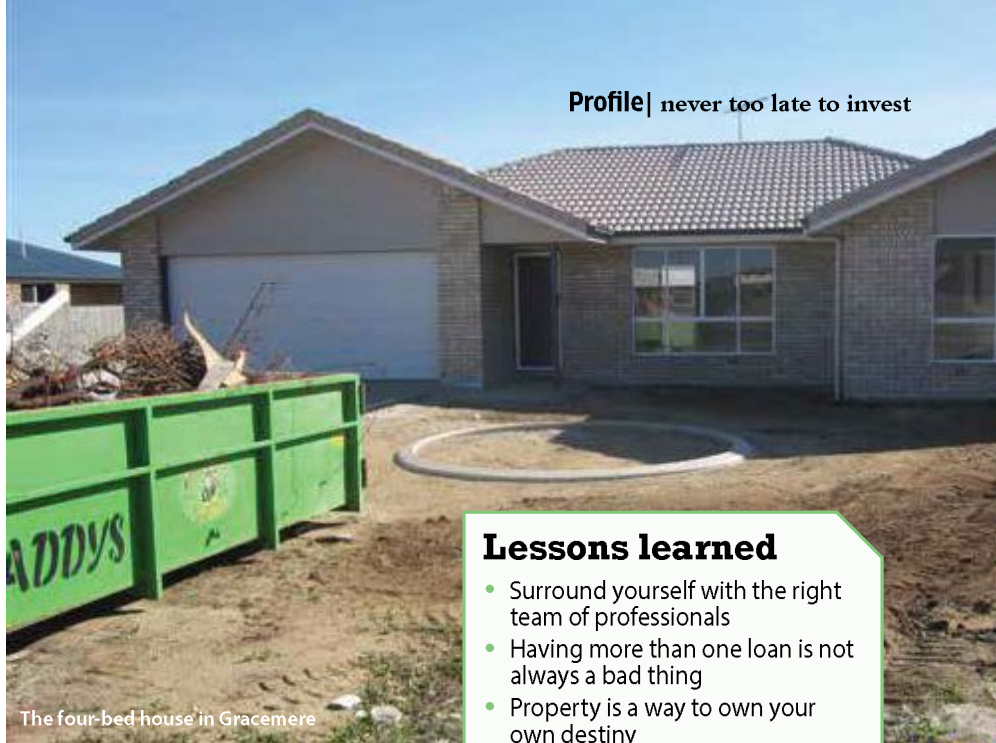
### Going Dutch

After marrying at Eileen's Australian home in 1991, the pair decided to go and live in the Netherlands. It was a whole new world for Eileen, who was forced largely to go it alone, while Pieter spent months at a time away from home, sailing for work.

"It was tough for me in the six years we were there," says Eileen. "I was by myself, not made to feel very welcome by the local community, and I didn't speak the language at all until our first child had turned one."

One of the reasons the Engels lived in the Netherlands was that Pieter had bought a house there, with his parents' help, not long before meeting Eileen.

"He said if he'd known [they would



The four-bed house in Gracemere

meet] he wouldn't have done it," says Eileen. "But it actually worked out very well for us financially, because the money that we made from that house actually bought our current house."

Pieter had been able to purchase the house with some financial help from his parents and also because of the secure nature of his job, but home ownership in the Netherlands has a few different rules to the equivalent in Australia.

"In the Netherlands, you pay tax on the whole value of your house, regardless of how much you have paid down on your mortgage," says Pieter. "As the house grows in value, so does the tax. It is better in Holland to keep your mortgage up, while in Australia, it's better to get rid of your mortgage. There is no incentive to get it paid off in Holland at all."

In addition to the harsh tax set up, the cost of living was through the roof by the time Pieter and Eileen decided they'd had enough.

"When we left in 1999, it was already about \$3,000 a month for energy bills," says Eileen.

The couple sold their house,

### Lessons learned

- Surround yourself with the right team of professionals
- Having more than one loan is not always a bad thing
- Property is a way to own your own destiny
- Never trust an initial valuation
- Growth potential can be more valuable than high rent

packed up their belongings and two young children and made their way to Australia, where they have now been living for the past 12 years.

### The cheap south

When moving to Australia, the couple were not sure about where they might live, but ended up landing in a beautiful spot, which was soon to experience considerable growth.

"We started to look in Sydney but it was too expensive at the time," says Pieter. "So we went south, then further south, then south again and we ended up in Nowra."

For those not familiar with Nowra, it is a town known for its beautiful scenery, situated on the banks of the Shoalhaven River and within close range of numerous beaches on the south side of Wollongong. It was a quiet area back in 1999, and far removed from the hustle and bustle of Sydney, which the Engels had no use for.

### Pieter and Eileen's portfolio

**VERIFIED**

Location	Type	Purchase date	Purchase price	Amount borrowed	LVR	Current value/sale price	Rent per week	Yield	Equity gain
Nowra, NSW (PPOR)	3-bed house	1999	\$130,000	\$0	NA	\$350,000	NA	NA	\$220,000
Gracemere, Qld	4-bed house	Aug-11	\$361,500	\$289,000	80%	\$391,500	\$410	6%	\$30,000
Townsville, Qld	2-bed unit	Dec-11	\$375,000	\$280,000	75%	\$375,000	\$370	5%	\$0



The block with the two-bedroom unit in Townsville

“I didn’t want to live in the rat race, especially with two young children,” says Eileen. “There was a big shopping centre here and a hospital, and it was beautiful. We just needed to be close enough to an airport for Pieter and the first house we rented had a brand new school nearby, which I thought was important.”

Prices were very affordable in Nowra at the time, which suited Pieter, who wanted to take a cautious approach in his new home country and minimise the need for a mortgage.

Using money from the sale of their Netherlands home, Pieter and Eileen bought a house for \$130,000, without having to borrow any money. The house is now valued at around \$350,000, after experiencing above average growth.

“The house has tripled in price value,” says Eileen. “It needed a lot of work done to it, but we weren’t afraid of that. We renovated and did everything new and made it lovely. It was a house that needed some help and that’s what we did.”

### Setting up for the future

Owning a house in Australia is a pretty good foundation for some fresh investing by anyone’s standards, and initially, the Engels decided to get into shares. They borrowed against their house to invest and made it a priority to pay the loan off quickly. After some time, however, the couple were not as happy with their investments as they had hoped and began to think hard about property.

Pieter began to research property, and the nearby coastal town of Vincentia attracted his interest. It was a good location, with potential for growth and a healthy rental yield, but there was one small problem.

“Unfortunately, a lot of the places were full of asbestos,” says Eileen. This, combined with the age of the properties in general deterred Pieter, who also envisioned doing his own renovations, and didn’t really fancy a faceful of asbestos while on the job.

After looking into property for around three years, Pieter turned to *Your Investment Property* magazine and continued to research. After spotting an advertisement for a buyer’s agent that appealed to him, he made contact and began learning about different ways to invest in property.

“We learned the lingo: off the plan, ready to go, house-and-land packages,” says Eileen. “The [buyer’s agent] suggested we do one of each.”

The Engels had one false start before they could begin their property journey.

“We were going to do a fantastic ready-to-go at Lake Macquarie (near Newcastle on the NSW central coast), but when it came through it turned out that the bank value was too low, so we had to pull out of that one,” says Eileen. “We were told it was worth \$1.1m and we were going to pay \$600,000, but then the bank came in and valued it at \$500,000.”

Pieter and Eileen pulled out of the deal on the advice of their buyer’s agent, whose help they value extremely

highly, especially with Pieter having to be absent for months at a time through work.

“We decided to do it this way because I can go out there and do the research myself, but I have limited time with three months away and three months home, and I don’t want Eileen stuck with all the paperwork and the renters calling her and so on,” says Pieter. “This way, it’s all being managed for us and I can continue with my job.”

### Third time lucky

After having their plans to invest foiled first by asbestos and then by a miscalculated property value, the couple knew that it was time to get a successful investment under their belt.

Working with their buyer’s agent, they targeted a house-and-land package in Gracemere, near Rockhampton in central Queensland.

“We bought that one for \$361,500,” says Eileen. “We settled that house in August 2011, and we think the value is already up by around \$30,000. The infrastructure there is incredible; they’ve put millions into Gracemere, with a new shopping centre and other projects.”

The pair borrowed \$289,000 to finance the purchase.

“We didn’t have any issues getting the finance from the bank because of Pieter’s job,” says Eileen. “We also had the shares we invested in and owned our house outright.”

Initially, the Engels set the rent at \$390 a week for the four-bedroom property, but have since upped it to \$410, securing them a gross rental yield of 6%.

### Work/life balance

Pieter and Eileen’s second investment property was a two-bedroom unit purchased off the plan in Townsville, far north Queensland. This time, they bought for \$375,000, borrowing \$280,000 and using a line of credit on their permanent place of residence. They have a tenant in the property now, paying \$370 a week for a gross yield of 5%, but this only came after a stressful period trying to get the settlement over the line, during the Christmas holidays at the end of last year.

“The settlement was supposed to be done and finished, and I was about

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to go away on a cruise with my eldest daughter and two of her friends,” says Eileen.

After administrative issues and delays getting strata approval, Eileen stepped off the cruise ship on January 4, attended a meeting with some university staff who were courting her daughter, then returned home and settled the property.

“Our eldest daughter did extremely well in the HSC, she was in the top 1% of the state,” says Eileen. “So while I was trying to organise the property purchase, her results came out, then we had a principal ringing us, the university dean calling us and scholarship offers arriving in the mail.

“It was a lot of pressure on me (Pieter was away working) and there’s no way I’m ever going to go away when I’ve got a child with HSC results coming through again.”

#### Endless possibilities

Now with two properties settled and rented out, Pieter and Eileen have put down a deposit on a third, this time in

»» “We’ve been contributing to super funds but they’ve been losing money. Property is crucial for the future”

Mackay, another central Queensland town tipped to experience substantial growth on the back of the resource boom.

“We have paid a deposit and we are still working now on the bank approval,” says Pieter. “The property is off the plan and is being built at the moment and will probably be finished at the end of the year.”

The three-bedroom townhouse will set the Engels back \$425,000, for an anticipated rent of \$530 a week, netting the couple a gross yield of 6.5%.

Once the Mackay property is taken

care of, Pieter and Eileen intend to take stock of their situation and consider their next move.

“I was always under the impression that I needed to buy an investment house and pay it off as quickly as possible,” says Pieter. “I didn’t want to have much to do with loans, but now after doing my research, it appears that it’s better to have more houses with loans than one that’s paid off.

“I would like to explore the possibilities of continuing with property investment, and I was also thinking of buying a unit in Wollongong that my daughter can use, as she is studying at university there now.”

Eileen believes property is crucial for setting up the future, due to the volatility of other investments.

“We’ve been contributing to superannuation funds, but they end up losing money,” she says. “We’ve got to look to the future. There are people our age that are sitting with equity in their home that they could use. They just need to go and get the right advice.” 🏠



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