Ant and Sue Hardwick

From immigrants unable to get credit to millionaires in just eight years

Ant and Sue Hardwick landed in Australia eight years ago with just enough money to cover the deposit on a Perth unit. Now, they're the owners of a portfolio worth over $4m – with another $1.2m under construction. This is their story

Ant and Sue's portfolio

Location	Type	Purchase date	Purchase price	Current value/sale price	Rent per week	Current yield	Profit (so far)	Mortgage amount	Monthly payments
COMPLETED									
Calais Road, Scarborough, WA	3-bed unit	Sept 2003	$317,000	$650,000	$460	7.55%	$333,000	$225,000	$1,275
Dover Street, Scarborough, WA	3-bed unit	Mar 2004	$297,000	$520,000	$350	6.13%	$223,000	$304,000	$1,723
Sydenham Road, Doubleview, WA	4-bed house	Nov 2005	$685,000	$1,150,000	PPOR	n/a	$460,000	$440,000	$2,493
Emmadale Gardens, Gladstone, Qld	4-bed house	April 2010	$450,000	$570,000	$570	6.59%	$120,000	$460,500	$2,610
Cotton Beach, Casuarina Beach, NSW	2-bed apartment	June 2010	$505,000	$500,000	$390	4.02%	-$5,000	$497,523	$2,819
Emmadale Gardens, Gladstone, Qld	4-bed house	Aug 2010	$474,000	$570,000	$600	6.93%	$120,000	$450,000	$2,550
Clifton Views, Cairns, Qld	2-bed apartment	Dec 2010	$265,000	$275,000	$255	5.00%	$10,000	$287,500	$1,629
TOTAL			**$2,993,000**	**$4,235,000**	**$2,625**		**$1,261,000**	**$2,664,523**	**$15,099**
UNDER CONSTRUCTION/PENDING									
Riverview Apartments, Townsville, Qld	2-bed apartment	Mar 2010	$367,000	$367,000		0.00%	nil	nil	n/a
Nirimba Drive, Quakers Hill, NSW	2-bed (plus study) apartment	June 2011	$375,000	$375,000		0.00%	nil	nil	n/a
Kirkwood Rd, Gladstone, Qld	4-bed house	Aug 2011	$474,000	$474,000		0.00%	nil	nil	n/a
TOTAL			**$1,216,000**	**$1,216,000**	**nil**		**nil**		
OVERALL TOTAL			**$4,190,000**	**$5,451,000**	**$2,625**		**$1,261,000**	**$2,664,523**	**$15,099**

Note: Details as of 27 September 2011

Like many migrants to Australia, Ant and Sue Hardwick came to this country seeking opportunity – and property investment was chief amongst their ambitions when they arrived in Perth from their native South Africa back in 2003.

In fact, their property ambitions didn't just begin with their move to Australia – it's been a running theme throughout their lives.

"My father, a farmer in Zimbabwe, always said that real value was in land," explains Sue. "However, he also increased value by putting things on the land – whether that was a building, barns or even dams. So, I grew up hearing that value was in land."

Following their marriage in 1983, Ant and Sue bought their first investment property, in Cape Town, South Africa.

"We were living in Namibia at the time, but didn't want to invest there," explains Ant. "Instead, my father found a house about a block away from his house in Cape Town, sent us some pictures, and we said 'buy it'! It was a great success."

Eventually, the couple sold that property and bought a family home in Namibia as well as another investment property in Johannesburg. However, this second investment didn't go as well.

"We sold both properties because of our move to Australia," says Sue. "We bought at the top of the market and sold at the bottom; at that point we were a bit disappointed in our Johannesburg property, as we'd seen the negative side of it. However, our Namibia property did very well."

Coming to Australia

Come 2003, the couple – along with their four children – decided to relocate to Perth. However, this wasn't all smooth sailing.

"When we sold up in South Africa and came here, our savings ended up being divided by seven – our money was worth a lot less. We went from a six-bedroom home in Namibia in the best area, overlooking a beautiful view, to not being able to afford a home big enough for our family in Australia."

Even with all their savings, the Hardwicks found that finance was difficult to obtain. "We had no credit rating, and couldn't get credit cards – we still don't have a chequebook, even today," explains Sue. "We also had trouble getting a rental property, as we didn't have any rental history."

Undeterred by their financial setbacks and their property experiences in South Africa, Sue attended an investment seminar, having seen advertisements on TV – and realised that they could afford to invest in a unit.

"That's how we got the first unit in Scarborough," explains Sue.

"The bank considered us high risk, and insisted that we put down a 20% deposit, but we were able to secure finance. Within six months, we'd been able to build a decent credit rating and we'd also seen enough equity growth in that unit to be able to invest in a second Scarborough property."

Those two properties set Sue and Ant up nicely – albeit being heavily negatively geared at that time. The family bought their own home

for $685,000 a year later, however, which pretty much maxed out their serviceability and cash flow.

"We bought our home right at the limit of our borrowing capacity – we honestly didn't know how we were going to feed the kids!" says Sue.

"As it turned out, Ant got a new job at the same time as buying the house, which gave us a bit of extra cash flow."

Even so the negative gearing on their two Scarborough properties at that time was proving to be a drain on their finances. These properties have since turned positively geared.

Positive thinking

Fast forward to February 2010, and the Hardwicks attended another investment seminar that reignited their property buying plans.

"We realised that we'd been doing several things wrong," says Sue.

"For example, we were running investment expenses through our own bank account, so we weren't receiving the tax benefits from having a separate line of credit.

"We'd also just been looking at properties in Western Australia, rather than nationwide."

The couple decided that it was time to go hell-for-leather. They'd built up significant equity in their home – now worth $1.1m – and their income was significantly higher. Over the course of the last 18 months, the couple have acquired seven more properties in various stages of completion. Once all of these have been completed, they'll be sitting on a portfolio worth an impressive $5.45m – and have already amassed equity of over $1.26m.

Townsville

The first of these properties is an off-the-plan unit in Townsville, set to finish in October 2011.

"This was attractive in the first instance because we didn't need to get finance initially – just put cash down," says Ant. "We're hoping that we will have seen enough capital growth to cover the deposit when it comes to finance stage, but the market has been fairly flat so that's not guaranteed. However, the big thing with this is the future potential for Townsville – the army base is going to be expanding any day now, so there's an increase in demand right there, never mind any other industry."

Gladstone

Two more house-and-land packages followed in April and August last year, this time in Gladstone, also in Queensland. These properties proved to be something of a revelation for the Hardwicks.

"These properties have just performed miraculously," says Ant.

"My business is in construction for oil and gas, and I knew what had happened in [WA hot spot] Karratha. Gladstone is a similar kind of place, so we jumped in and bought two house-and-land packages."

The Hardwicks saw combined equity growth of around $240,000 from the two properties as they were being built, and both were cash flow positive from day one with weekly rentals of $570 and $600 apiece. However, both rent and values are still increasing.

"We anticipate being able to get $800pw rent in a year," says Ant. "Also, similar house and land packages are currently selling for around $570,000. That's a possible $120,000 gain on each property. The capital gain is something we've always known about, but to have them cash flow positive from day one as well is just amazing."

Casuarina

Sandwiched between the two Gladstone purchases was something of a curveball investment – a Cotton Beach luxury beachfront unit on Casuarina Beach.

"This unit in the Cotton Beach resort was a bit out of our norm," explains Sue. "The target market here is rich retirees from Sydney and Melbourne. Some of the properties were originally going for $1.4m – but then the GFC hit when the project was being built: people simply couldn't afford them and so they pulled out."

As a result, a number of apartments came on the market at 'bargain basement' prices. The Hardwicks bought a unit that was originally listed at $850,000; they purchased it for $505,000. They're sanguine about the market in the short-term, but are taking the long-term view.

"The market hasn't recovered yet, and the rental yield is the worst of all our properties," adds Sue. "However, there hasn't been any building in Casuarina for a while, and as soon as people start to retire in a couple of years, it should show decent growth."

Cairns

The same 'buy at the bottom' logic applies to the Hardwicks' next investment, in Queensland tourism capital, Cairns.

"This unit had originally been listed for $350,000; we bought it for $265,000, and it's covering its costs," says Ant. "Cairns is a little more volatile than Townsville, but is a solid performer – and we're likely to see growth as we've bought at the bottom of the cycle."

Sydney

Diversification was the keyword with their next purchase – an off-the-plan unit in Quakers Hill, Sydney, set to complete in October 2013. The property is near amenities, transport and the University of Western Sydney Blacktown campus.

"Sydney's been in the doldrums for several years, and is popping at the seams in terms of housing requirements," adds Ant. "As we got in right at the beginning, we bought at an excellent price – $375,000, which was a $15,000 discount – as well as saving on stamp duty."

Back to Gladstone

Finally, Ant and Sue returned to Gladstone in August, to put down a deposit on another house-and-land package for $474,000.

"Gladstone's already done great things for us, so we're keen to go back there," says Sue.

"This house will only begin construction in March, but apart from being cash flow positive and having great growth potential, we're also benefiting from the $10,000 new homes rebate currently available in Queensland."

Go hard or go home

The Hardwicks' choice to rapidly accumulate properties has been a conscious one – as has been their decision to choose a diverse range of investment locations.

"We've always believed that you shouldn't have all your eggs in one basket," says Sue. "While originally we had a strong WA focus, due to coming from overseas, we got educated about other areas in Australia."

> "It helps to find someone who is an investor and who you can trust to give you advice – and you must get educated"

They've also been very active in accumulating properties in a period when many are holding firm. It's all a matter of confidence, argues Sue.

"We used to listen to people that had no investment properties," she says. "Now, I'm starting to close my ears to a lot of the negativity out there. Even after just 18 months, Ant and I have seen how things are working and are likely to work in the long term – and we're in the market for the long term. It's more important to listen to people who have been successful in investing – that's been one of the biggest lessons we've learnt."

In fact, Sue's passionate about taking control of their financial future – and urges others to do the same.

"Nobody else at the end of the day can look after your finances, you've got to know and be in control. It helps to find someone who is an investor who you can trust to give you advice, and you must get educated. A lot of people go to one seminar and think they know it all. I don't yet, I'm still learning!"

While the Hardwicks aren't planning on accumulating more properties at the same rate – not least because they want to see the impact the three properties currently under construction will have on their finances upon completion – they are considering further acquisitions.

"I've been watching the Brisbane market, as I think there's potential there," explains Sue. "We are looking at setting up a self-managed super fund in which we'd invest in property too. However, we want to be sensible about it: we want to be financially independent and not cash-strapped."

Sue comments that they could easily stop buying properties now, and still be able to enjoy a comfortable retirement in a few years' time.

"Two years ago, we honestly didn't think we could retire; whereas now, if we didn't buy another property, we could probably live off our properties in five years' time," she says.

"We want to be able to travel to Africa every year, go elsewhere and live comfortably. That's our driving force – as well as being able to pass it onto our kids."

Indeed, their kids are already getting the property bug themselves.

"Our middle son is getting a credit history, and investing in the stock market to build a deposit," says Sue. "He's so driven – he's going to be a millionaire before us!"

Sue's also evangelical about the unique characteristics of the Australian investment environment, especially having invested overseas previously.

"There aren't the tax advantages in South Africa that there are in Australia," she says. "You can invest in a property and it'll cost you the price of a cup of coffee and a piece of cake a week because of the tax benefits – or even be cash flow positive. I often ask myself, 'why isn't everyone doing it?"