



GOING BACK TO SCHOOL TO SUCCEED

Having watched her savings and RESP value plummet by half in 2009, *Gillian Irving* decided to take her financial future in her own hands. The mom of four tells *CREW* how she is cashing in on the booming student market to achieve this

When Gillian Irving went for a run one day in Toronto's popular Leslieville neighbourhood, she hardly envisaged that this simple exercise would pave the way for her successful real estate marathon.

That summer's night in 2009 was a hard run for Irving. Earlier that year, she and her husband saw their savings and kids' RESPs diminished overnight thanks to the turbulent market forces.

"I felt very powerless by the whole situation," she recalls, "and wanted very badly to have more control over my

2009

The property: Duplex in Leslieville, Toronto

Bought for: \$692,000

Monthly rent: \$4,530 plus utilities

Current value: \$925,000 – \$950,000

May 2013

The property: Single-family house converted to six-bedroom student house in Hamilton.

Bought for: \$345,000

Monthly rent: \$2,850 plus garage rental

Current value: \$410,000 – \$420,000

August 2013

The property: Single-family house converted to seven-bedroom student house in Hamilton.

Bought for: \$355,000

Monthly rent: \$3,150

Current value: \$380,000

March 2014

The property: Seven-bedroom student house, new build in St Catherine's.

Bought for: \$377,000

Monthly rent: \$3,500

Current value: \$386,000



money ... to feel like I could actually have an impact on my portfolio's success rather than some nameless, faceless executive at a company where I held some stocks or mutual funds."

Her desire for this power was also not based on some materialistic idea. "We have four young kids and one of them has a serious disability that will likely impact his long-term ability to be financially independent," she says. "As parents we need to plan for all of our kids' futures, but I feel particularly concerned about safeguarding the interests of our disabled son in case he is not able to care for himself. I definitely don't want my other kids to have to shoulder the responsibility of taking care of him financially. So, I actively began investigating how I could move toward this goal."

FOLLOWING FEELINGS

Real estate was the only vehicle she had some knowledge of that could provide wealth creation. "But I never did anything about it, except think about it," she says.

The best piece of advice I received was....to invest in myself. Everyone wants to save their money to invest on the next great deal but investing in your own education is so important. My first mentoring program cost several thousand dollars which, at the time I felt was a lot of money. The advice I got on just one issue saved me thousands more on a deal a few months later. Now I look at the price tag of the courses I take and just factor it into my business model.

The worst advice I received was.... from a mortgage broker who said "trust me you won't get a better rate". Nothing could have been further than the truth. Thankfully I had a coach who helped me challenge that statement and I was able to find much better financing and a better broker elsewhere."

That is until the evening of that jog in Leslieville when I spotted a duplex for sale.

March 2014

The property: Seven-bedroom student house, new build in St Catherine's.

Bought for: \$377,000

Monthly rent: \$3,500

Current value: \$386,000

April 2014

The property: Six-bedroom house in Welland.

Bought for: \$305,000

Monthly rent: \$3,000

Current value: \$305,000

"I just had a feeling about this place. My tiny seed of knowledge about real estate coupled with my new-found desire for financial security led to us purchasing that home," she recalls. "It was a bit of a whim and a bit of luck, but that property turned out to be the springboard to a whole new business for me and a new way of thinking."

The property, a detached Victorian home, was not a cheap buy at \$692,000. "When we bought this house, we didn't even have an identifiable strategy. I just wanted to own a rental property that covered itself," she adds. "We haven't had a single vacancy in five years and have even had two tenants who loved the online photos so much they rented it sight unseen. Another tenant wanted the unit so badly that they offered to pay rent for their unit for the entire year at \$31,200."

They recently upgraded the property so we were able to raise the overall gross rent to \$4,500 plus utilities.

Irving struck gold with this property but the 39-year-old regrets not having entered the game earlier. "I keep talking to my children about it so they can see and understand how valuable real estate investing can be. At the moment they think 'cash flow' is extremely boring, but I hope as they get older, it will get more and more interesting. I sure hope they start earlier than I did."

WAITING GAME

Having invested so much money, the Irvings played the waiting game for four years before they made the leap again. And it was worth the long wait as they were able to take out \$120,000 from that investment.

"This time, I didn't want to make any decisions based on a whim or a gut feeling. I wanted to absolutely learn all that I could about real estate so that we could invest the proceeds of the re-finance wisely," she says.

A market research analyst by profession, Irving said she read every book possible, attended a multitude of seminars and eventually started working with Julie Broad and Dave Peniuk from



Bungalow on Lower Horning Road in Hamilton, Ont. (purchased 2013)

Revnyc.com. This move, she says, was the beginning of her journey into student rental investing across university towns and cities in southern Ontario.

“Not everyone sees the appeal in student housing. Some just see perceived difficulties such as messy kids, beer bottles and damage,” she says. “But as a mother to young kids myself, my nurturing side just wants to ensure that these students have a particularly nice, safe, comfortable home to live in while they study. I truly love the ‘service’ aspect of the business.” The cash flow, she adds, is naturally another big appeal.

THE TARGET

Her focus, to-date, has been on Hamilton, St. Catharines and Welland, and she targets single-family homes that can be converted into six or seven-bedroom properties.

“I select properties that are close to the school and or bus routes and also close to local amenities like groceries, beer store, etc. This is a must,” she says, adding that she opts for floor plans that allow for extra rooms to be added to the main floor and large basements.

“Then I make the homes look fantastic. I don’t do anything fancy per se, but the interiors of my homes are really nice and upgraded, and as such, tend to really stand out compared to the competition. As a result, our houses tend to fill up fast and we can command really strong rents.”

While cash flow and the endgame are always the forefront of her thoughts, Irving says that she always thinks as a mother when working on her properties.

My challenge when I was starting out was trying to ‘find’ time where I felt absolutely none existed. My answer turned out to be my mindset more than anything else

Despite the lengthy delays and costs, she says she always gets permits for extensions and uses extra fire-retardant drywall when renovating. “Parents are relieved to hear that safety is a personal priority of mine and their input can be crucial when two similar houses are being considered.”

In 2013, Irving snapped up two new builds in Hamilton thanks to the refinancing of their Leslieville property. “I have a very defined perimeter set up in Hamilton, and I regularly talk with my Realtor to discuss any new inventory that comes on the market,” she says. “He

alerts me to deals that match my criteria and steers me away from anything that doesn’t. He is a huge asset to me in terms of the knowledge he shares and the time he saves me from exploring options he knows just won’t work.”

A BIG YEAR

Observing the success in Hamilton, Irving went with this momentum and added a further three doors during 2014. This time, the focus was on St. Catharines and Welland with Irving using the rest of the refinancing cash and a joint venture with a family member. She now wants to add a further five properties next year, with the help of joint-venture partnerships. “For now I am going to focus on buy-and-hold student housing, but eventually I would like to expand, perhaps include some multi-family or commercial properties.

As a working mother with a full-time demanding job, finding spare time to do anything is a big obstacle.

PLAN OF ATTACK

- **Become an expert in your area.** The more you know about your specific area and your strategy, the better equipped you will be to recognize, evaluate and move confidently on a great deal when one presents itself.
- **A-Team partners.** Every person in my team is an established real estate investor including my Realtor, property manager, contractor, accountant and broker.
- **Mitigate the Risk.** Identify potential risks for your particular strategy and learn how to mitigate them. For example, we have a ‘bullet proof’ lease where students are jointly responsible for the damage they or anyone else makes in the home. Each student’s parent also act as a guarantor.
- **Consistent action.** Don’t be complacent and absorb everything – from listings to rental ads on keeping on track with competition – is imperative.



IRVING'S INVESTING TIPS

- 1 Get clear on why you want to invest in real estate.** There are many great questions to get you there, but the one I find most motivating is: "What does your perfect day look like?" I just ask myself, is this getting me closer to my perfect day or not? Your answer will be a helpful guide and motivator.
- 2 Invest in yourself through high quality training or mentors.** Personally, I have found the ROI on these programs to be huge. It helps to save me money on deals, greater knowledge and makes connections with other individuals who share the same goals and interests that you do.
- 3 Create your own an A-Team of experts.** It might feel like you are betraying a trusted Realtor that you've used in the past but finding a complete team of real estate investing experts is critical step in building a successful business.
- 4 Ready, Fire, Aim.** Most people will say "Ready, aim, fire," but the problem is they spend so much time readying themselves and don't take a shot until their aim is perfect.
- 5 Get organized.** I got a call from a new mortgage broker while I was on vacation and he needed important documents to proceed with my file. In about 10 minutes, while sitting in the sun watching my kids play on the beach, I sent him everything he needed from my "organized investor" file from my phone.

"My challenge when I was starting out was trying to 'find' time where I felt absolutely none existed. My answer turned out to be my mindset more than anything else. Once I started getting really clear on what I wanted and why

| Property Type | Location | Purchase Price | Purchase Date | Rent | Current Value |
|------------------------------------|----------------------|--------------------|---------------|-----------------|--------------------|
| Duplex | Leslieville, Toronto | \$692,000 | 2009 | \$5,000 | \$925,000 |
| Single-family home (Student House) | Hamilton | \$345,000 | 2013 | \$3,000 | \$420,000 |
| Single-family home (Student House) | Hamilton | \$355,000 | 2013 | \$3,150 | \$380,000 |
| Single-family home (Student House) | Welland | \$305,000 | 2014 | \$3,000 | \$305,000 |
| Single-family home (Student House) | St. Catherine's | \$377,000 | 2014 | \$3,500 | \$386,000 |
| Single-family home (Student House) | St. Catherine's | \$377,000 | 2014 | \$3,550 | \$386,000 |
| | | \$2,451,000 | | \$16,200 | \$2,802,000 |



real estate, the easier it became for hours to just materialize out of the day."

She says she keeps herself motivated by reading inspiring articles and listening to podcasts. Fear, however, was her other biggest challenge.

"As a market research analyst, I was used to staring at numbers, making sense out of them and coming up with actionable findings for my clients. I really had to take the first leap of faith when I began evaluating deals and determining if they were right for me and our family rather than my clients. Now, I have a much systematic and duplicable approach to our business."

But that is not to say that she is still not learning from experiences – the good and the bad. Last year, she undertook a complete renovation on one property. "Not only was the process costly, but it was also exhausting and stressful. Yes, the house cash flows beautifully now and we forced considerable appreciation, but moving forward I will be looking at properties that require a bit less work – not a top-to-bottom renovation."

Irving says she will also not hold onto properties to just keep her portfolio growing. "My plan is to hold on for at least five year of 25 per cent increase. But if any under performs, we'll simply sell." ■