From postie to full-time investor

Sick of delivering the mail, Matt Jones drove down a new career path by chatting to tradies as he dropped off letters. LAUREN CROSS

It sounds almost too good to be true. Investing with other people's money and using cash you don't have to make a massive profit. The idea may seem impossible, but former postman Matt Jones has done exactly that to ditch the daily mail and make a motza. Gone are the days of dropping off letters and bills. Now he's writing his own new and exciting chapter – and the story ends with the 37-year-old earning thousands of dollars each year by being his own boss.

A NEW ROAD

Like many Australians, Matt spent years working long days with little to show for it. He didn't mind hard work, but was frustrated by not being able to spend more time with his family.

"One day I looked at my pay packet and realised I had to do so many hours just to get one hour's annual leave," he says.

"I said to myself, 'this is no more'. I began to understand that earning money as an employee wasn't going to give me the lifestyle I wanted. I went on a mission to discover a better way and I didn't have to look far – the local bookshop."

Matt quit his job as a theatre lighting technician and started reading as much as he could about property investing. By chance, he also saw a job advertisement for a postman's position. It certainly wasn't his dream job, but it was a way of driving closer towards his true passion in life. By scooting around the suburbs of Brisbane he would have flexible hours and learn more about the market and what was happening in the backstreets.

"It cut my wage in half but it gave me time to learn about property. The great thing about being a postie is you can go home when the mail is delivered, so I used to sort the mail like a madman, then deliver it like a maniac and go home and research property all afternoon."

He also started an investment property mentor program and soon realised his day job was helping him learn more about his dream job.

"I was working at Paddington and Ashgrove in Brisbane and property was on the market all the time. I would pull up, see a 'for sale' sign and write down the details on the back of an envelope. After work, I looked at past sales history and what they expected to sell it for. This enabled me to familiarise myself with prices and learn how to talk to agents about different values for each street."

There was another huge bonus of sorting through mail – Matt could also get a better understanding about the cost of renovations and sort out which tradies were the cheapest. Landscape gardeners, builders, painters and anyone who worked near a letterbox became his new best friend.

LUISA DI GIROLAMO

"I'd keep an eye out for construction sites or anything that was for sale. I'd pull up with the mail and ask tradies, 'how much does it cost to do this?' or 'what's the per metre rate to do that driveway?'. They would educate me while I was talking to them. That gave me a ballpark, so when I was crunching the numbers, if I looked at a reno I could work out the per metre rate to renovate it."

Soon, Matt had hundreds of bits of envelopes with calculations on the back of them.

"Just things like the cost to lay a lawn down or put a garden bed in. Usually if landscape gardeners were putting turf down, you would end up near them."

THE FIRST PROPERTY

After months of driving around on his motorbike, Matt eventually narrowed down what he wanted by combining statistics with his favourite letterbox areas.

"I would buy a detailed map of Brisbane, print out all the latest median prices and colour code them all, by pinning each suburb on a map," he says. "It was blue for under $300,000, yellow for less than $350,000, red for less than $400,000 and green for under $450,000. If I found a yellow suburb on the fringes or surrounded by green, that would be my chosen suburb to investigate."

Eventually he found a blue coloured suburb he liked, but there was still one slight problem – he didn't have a big enough deposit. Although he and his former partner had recently sold a house they owned together at Mount Gravatt in Brisbane's south, the $60,000 profit he made from the sale wasn't enough to obtain the loan.

However, by chance his cousin was able to chip in $20,000 and provide the green light for the property investment dream. Matt and his cousin managed to come to an agreement – she would hand over some of the deposit for an investment property in the north Brisbane suburb of Stafford, and he would put in the time, work and management skills. After they renovated and sold, they would then split the profit.

It was a win-win situation for the two relatives, because one had the higher wage to offer, but the other had more energy to give.

It was in 2006 when Matt and his cousin bought the Stafford property – a two-bedroom weatherboard house on a large corner block. They paid $256,000 for the home, which was considered a "pretty good" price.

Stafford property

Bathroom before

Bathroom after

Kitchen before

Kitchen after

Outside of house before

Outside of house after

Matt says it was an exciting step, but one which also forced him to become Australia Post's best worker.

"I would get up at 5am and bust my butt to get out around 1pm. It nearly killed me. I would sort through the mail as quickly as possible. In the afternoon I would spend time working on the property. We did everything, including a new deck, roof, kitchen, bathroom floors, landscaping and carport. We paid some people for roofing, electrical and plumbing, but I did a lot of the work myself."

As no one was living in the property during the renovations, Matt's cousin serviced the loan. She also allowed Matt to take $300 per week out of a joint account, effectively paying him a small wage. While she was giving cash, Matt was giving time, spending afternoons looking for new deals and concentrating a lot on the investment property.

The hard work paid off – the duo sold the property at the end of 2007 for a "good

MATT'S TOP FIVE TIPS

1. **Network –** Find a group or start your own group of like-minded property investors.
2. **Mindset –** This game is 70 per cent psychological. It's critical that your head is in the right space – the deals will come when this is achieved. Get a mentor or coach to help with this.
3. **Numbers –** Stick to the math, don't get emotional. There are plenty of deals for everyone so let the numbers guide you.
4. **Team –** Through your networking build a team of like-minded people around you.
5. **Take action –** You can read all the books and attend all the seminars you like but unless you do something, nothing will change.

price" of $389,000, which gave Matt and his cousin about $27,500 each in profit. From then on, Matt knew he would soon be dropping off letters with his own property deals, rather than worrying about other people's mail.

JOINT VENTURE PROJECTS

Matt decided to cut his postie hours back to just four hours each day to concentrate on his next project – a subdivision. It was scary not having a full-time wage but incredibly rewarding at the same time. Again, Matt relied mainly on his cousin's deposit to buy a two-bedroom house at Boondall in Brisbane in 2007 for $405,000. The property had a large 1000-square-metre block with good access down the side. Matt and his cousin spent just $11,000 renovating the front house, then rented it out for $300 per week for a short period of time before it was sold.

Rather than build at the back, Matt obtained the necessary council approvals to subdivide the land at the back of the property. They eventually sold the renovated house and the rear vacant land for a total of $576,000. After council fees for the subdivision, Matt and his cousin again made about $35,000 each – not a huge profit, but far better than working nine to five.

Soon after, he and his cousin bought another property in Boondall. That too was on a large block, and the duo renovated the house and subdivided the land at the back, dividing any profits by 50 per cent.

After three projects with his cousin, Matt used the profits he'd made to combine them with his new partner and now wife Marisa, who happened to own a three-bedroom house at Zillmere. They sold the property in 2009 and upgraded to a three-bedroom house on a huge 6800-square-metre block at Buderim on the Sunshine Coast. It was a gorgeous house, but Matt was still keen to purchase properties he could buy, renovate and sell. As he was no longer working full-time, he realised he needed a joint venture partner. After all, why do it by yourself when you don't have to?

"Borrowing has always been a challenge due to the unconventional way I earn – I don't have a job as such," he explains.

"For this reason, all my deals are done with joint venture and money partners. I provide the time and the expertise, my partners provide the funding, and all profit and loss is split 50 per cent each.

"I think it's fair they're putting in the cash because I'm putting in the time. I don't have capacity to borrow, so it's easier for someone else to cover that side of it."

Admittedly, it's a risk for the joint venture partner. Matt says this risk is always discussed when they sign up to the deal, and any profit or loss is shared 50 per cent each.

Despite the known risk (and chance of reward) it didn't take long for Matt to find another joint venture partner. He and a former colleague bought a three-bedroom house on a big block at Ferny Grove for $430,000. They renovated the house at the front of the block and sold it for $466,000, then subdivided the land at the back. It's currently on the market for $280,000 and Matt's confident of selling, even in a slow market.

"All of my investments have been quick turnaround strategies for chunks of cash, and I've always chosen areas that are within 10 kilometres of where I live," he says. "I find there are opportunities in every market and in every suburb, so I've kept things simple by staying close to home."

Matt also realised that unlike the earlier days, he was better off not doing the work himself.

"These days, I try not to touch tools. My expertise is to find and put the deals together and I now use a project manager to build and supervise the work onsite. My wife and I work as a team and set up individual joint venture agreements on a project-by-project basis. I still provide the expertise and time component and the partner services the loan. I also use the money from partners to provide the capital funding, should the deal need it."

In a nutshell, it means Matt brings no cash to the table but still walks away with 50 per cent of whatever profit the property makes. It works for time-poor investors too, who have the cash but not the expertise to know how to renovate and sell. While so far timeframes have always been on target for partnerships, renovations haven't.

"It always goes over budget, which is par for the course," he says. "But each project has its own lessons so there is never a disappointment – just an opportunity to learn."

Of course, the biggest challenge in any joint venture is making sure both parties come out satisfied with the end result. Matt makes sure everything is in writing and each party knows what each will receive once the property is sold.

He just sold another joint venture project in Boondall, creating a gain of $15,500 each in 30 days, after spending $65,000 on renovations.

THE NUMBERS | MATT JONES

LOCATION	DESCRIPTION	STRATEGY	PURCHASE DATE	PURCHASE PRICE	PURCHASE COSTS	RENOVATION COSTS	CURRENT VALUE/ SOLD FOR
Mount Gravatt, Qld	3-bed house	PPOR*	2002	$200,000	$3,000	$10,000	$322,000 (sold 2004)
Stafford, Qld	2-bed house	Renovate and sell	2006	$256,000	$10,000	$68,000	$389,000 (sold 2007)
Zillmere, Qld	3-bed house	PPOR*	2006	$225,000	$1,000	$35,000	$395,000 (sold 2009)
Boondall, Qld	2-bed house	Renovate, subdivide and sell	2007	$405,000	$14,000	$86,000 (includes subdivision)	$576,000 (sold 2008)
Boondall, Qld	3-bed house	Renovate, subdivide and sell	2008	$410,000	$16,000	$109,000 (includes subdivision)	$587,000 (sold 2009)
Buderim, Qld	3-bed house	PPOR*	2009	$467,000	$15,500	-	$500,000†
Ferny Grove, Qld	3-bed house	Renovate, subdivide and sell	2009	$430,000	$23,000	$175,000 (includes subdivision)	$466,000 (house - sold 2010); $280,000 (land -currently for sale)†
Boondall, Qld	3-bed house	Renovate and sell	2010	$300,000	$9,000	$65,000	$405,000 (sold 2010)
Chermside West, Qld	4-bed house	Renovate and sell	2011	$342,000	$13,000	$85,000	$510,000† (expected value on completion)
TOTAL							**$645,000° (currently in his portfolio)**

† Joint venture properties * PPOR = principal place of residence ° Figure based on 50 per cent joint venture properties

"No deal works unless both parties achieve their desired outcome," he says.

"Go into the deal with the honest intention of achieving a positive outcome for both parties and you have a corker deal on your hands. This time, we didn't make a whole lot because the market went sour, (with the Boondall property) but we did get in and out as quickly as possible."

In fact, most of Matt's deals are quick turnarounds. In times when the joint venture partner runs out of money, Matt occasionally needs to draw on a line of credit from his principal place of residence.

"I do all my lending through my own trusted mortgage broker. I'm a big fan of positive gearing but I'm also open to negative gearing for short periods while a project comes to fruition.

"I also base my numbers on the current market. If the market increases, it's just the cream on the top. Rental yields aren't always a big consideration either, based on the fact that selling the property is the end goal."

MENTORS

Matt believes a big part of becoming a successful investor is surrounding yourself with successful investors. He has a number of investors and authors he uses as personal coaches.

"Having someone on the outside looking in to help me stay on track and achieve my goals has been a key component to my constant growth," he says.

"I still use mentors today and can't see a time when I wouldn't have someone working with me to achieve my goals."

Matt believes in mentoring so much he's even started his own group in Brisbane. Up to 100 people meet every month, sharing investment experiences, tips and exciting stories. It's a group Matt is extremely proud of and one he wishes he'd started earlier.

In a nutshell, it means Matt brings no cash to the table but still walks away with 50 per cent of whatever profit the property makes.

"I was 30 when I realised there might be another way to live other than the nine to five rat race. This stuff isn't taught in schools, you have to search for it yourself."

Matt also constantly looks for different options and deals. He's just bought a joint venture project in Chermside West, Brisbane. It's a four-bedroom house that was snapped up for $342,000. Matt plans to spend $85,000 on renovations and hopes to sell it for around $510,000.

"The house is a dive and needs a lot of work, but we think we've got something that will sell in the low $500,000s."

However, Matt's always open to different options.

"Splitting the backyard off a large block is always a great strategy, because there are a number of points to exit the deal," he says.

"You can rent the front house during the subdivision process, sell the land or build a new dwelling. If the market dips, there's always an option to rent both properties and sell when the market booms."

He also believes the best deals are the ones that are well managed.

"Take responsibility for every decision that's made. You don't have to know everything, you just need to know who to ask."

Apart from his principal place of residence and investment at Chermside West, Matt currently holds no other properties. He plans to continue buying, selling and renovating for a few more years until he can buy and hold a few places, probably in the north of Brisbane.

"It comes down to four questions: how much money is down, how much will I get back, how much time will it take and how much risk is involved. I don't believe there's a perfect investment property, nor the perfect time to invest. Each market and deal has its challenges and as property investors it's our job to solve the problems and profit from the solution."

Matt's goal is to be financially free by the age of 40, continuing to do quick turnaround deals and making at least $50,000 on each project.

"I'll continue to focus on Brisbane, as this is where my team of tradies, agents and finance partners reside. As the market slowly improves, I'd like to invest closer to home, now that we live on the Sunshine Coast. I can also work more from home and continue to look for deals, which is a far cry from sitting all day on a motorbike." api

To watch an interview with Matt, see our extended coverage in API's digital edition. Details are on page 9.

API Connect

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