



Real Estate 101 For The Wealth Hacker

How I Invest For My Kids: By Erwin Szeto



Award Win Or Two...

- REIN Leadership Award X2
- Top 40 Under 40 (Hamilton)
- REIN Realtor of the Year X2
- CREW Magazine Realtor of the Year X2
- Gold Award: 17 Properties



Investment Background

- Started in 2005
- \$200,000,000 Investment Real Estate
- 500+ Investment Properties
- 100+ Investor Clients
- 30+ Career Properties
- Positive Cash Flow



Influencer

- #88 Business Podcast on all iTunes
 - #4 Among Canadian Podcasts
- Top 20 Influencer in Canadian Real Estate
- Top 10 Canadian Real Estate Podcast
- **100+ interviews w/ Canada's top investors**



My Favourite Podcast Question Is...

- What are you teaching your children?
- I'll do you one better – what did I buy for my kids

Robin's RESP: Hamilton Duplex

- Robin was six weeks old
- Paid \$248,000 + \$100,000
- Rent 1500 + 1200 = \$2,700
- Cash Flow ~ \$600/Month
- Current Value \$600,000
- Equity \$250,000





Bruce's RESP: @6 Months Student Rental





WEALTH HACKER CONFERENCE

Why Real Estate is Best





Compare that to R.E. Investing

- Five Year Returns: 342% or 68.4%/Year
- Six Year Returns: 402% or 67%/Year



Power Of Leverage

House Value	\$200,000
Down Payment 20%	\$40,000
Mortgage 80%	\$160,000
Appreciation 7%	\$14,000
Return On Investment (Appreciation/Down Payment)	$\$14,000 / \$40,000$ =35%









Portfolio of \$4,000,000

Just 3% Appreciation x \$4 million
= \$120,000

What about 5% Appreciation?
= \$200,000



What about 9.483% Appreciation?

$$9.483\% \times \$4 \text{ Million} \\ = \$379,349.51$$

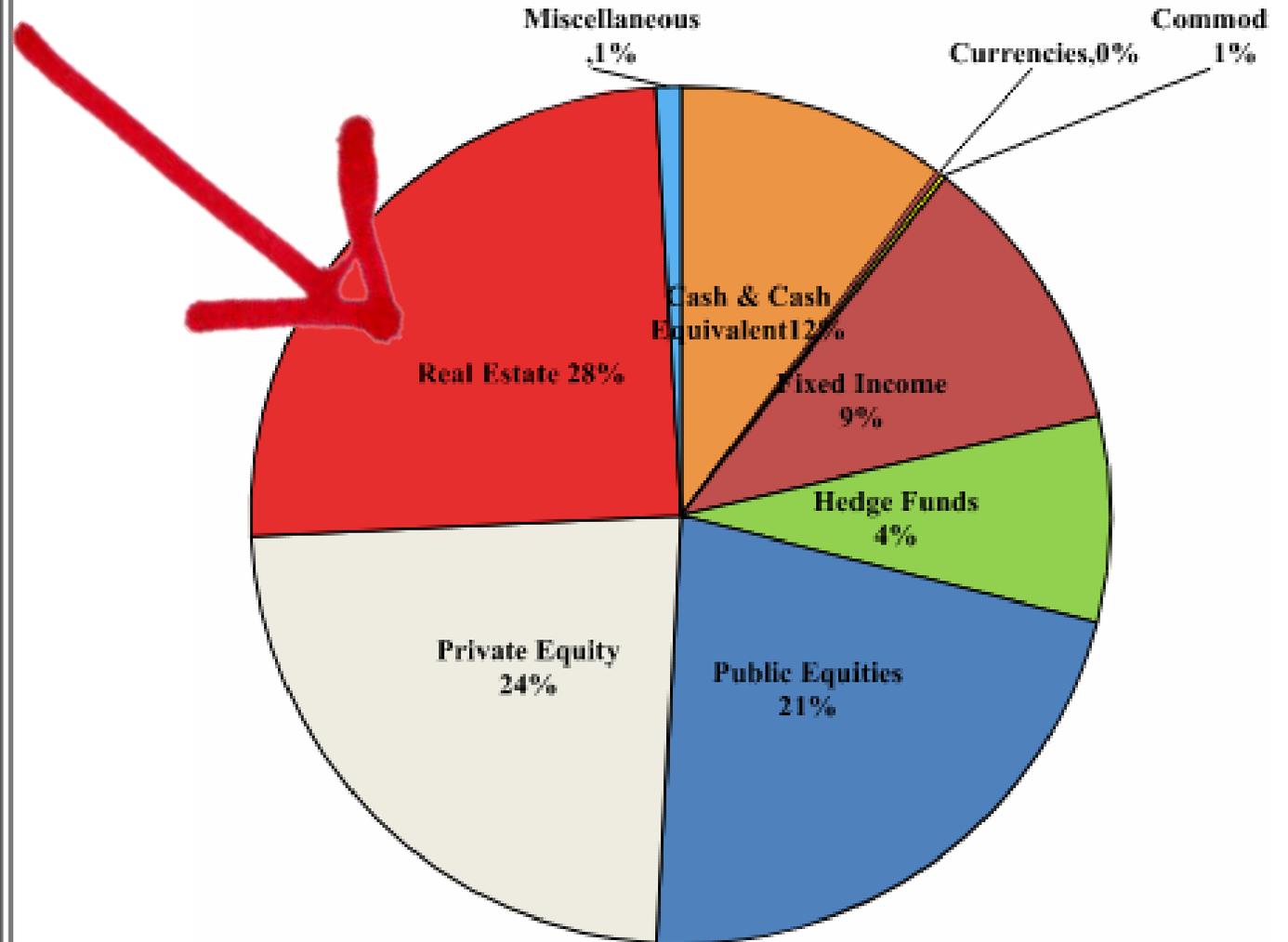
*Why 9.483%? Hamilton Oct Avg Price Change (RAHB)

**Top 1% of Canadians Earn \$381,300 (Stats Can)

Chart 1: TIGER 21 Member Allocation
(Time Period Q3 2018 - Q2 2019)

What Do Rich
People Do?
(\$10M+)

28% in R.E.



What About Interest Rates?
No Where To Go But UP!



Donald J. Trump 

@realDonaldTrump

Follow 

Jay Powell and the Federal Reserve Fail Again.
No "guts," no sense, no vision! A terrible
communicator!

11:25 AM - 18 Sep 2019





Donald J. Trump  @realDonaldTrump · Aug 19, 2019



Our Economy is very strong, despite the horrendous lack of vision by Jay Powell and the Fed, but the Democrats are trying to “will” the Economy to be bad for purposes of the 2020 Election. Very Selfish! Our dollar is so strong that it is sadly hurting other parts of the world...



Donald J. Trump 

1% Decrease = 9-11% More Buying Power!!!

.....The Fed Rate, over a fairly short period of time, should be reduced by at least 100 basis points, with perhaps some quantitative easing as well. If that happened, our Economy would be even better, and the World Economy would be greatly and quickly enhanced-good for everyone!

 69.1K 11:26 AM - Aug 19, 2019

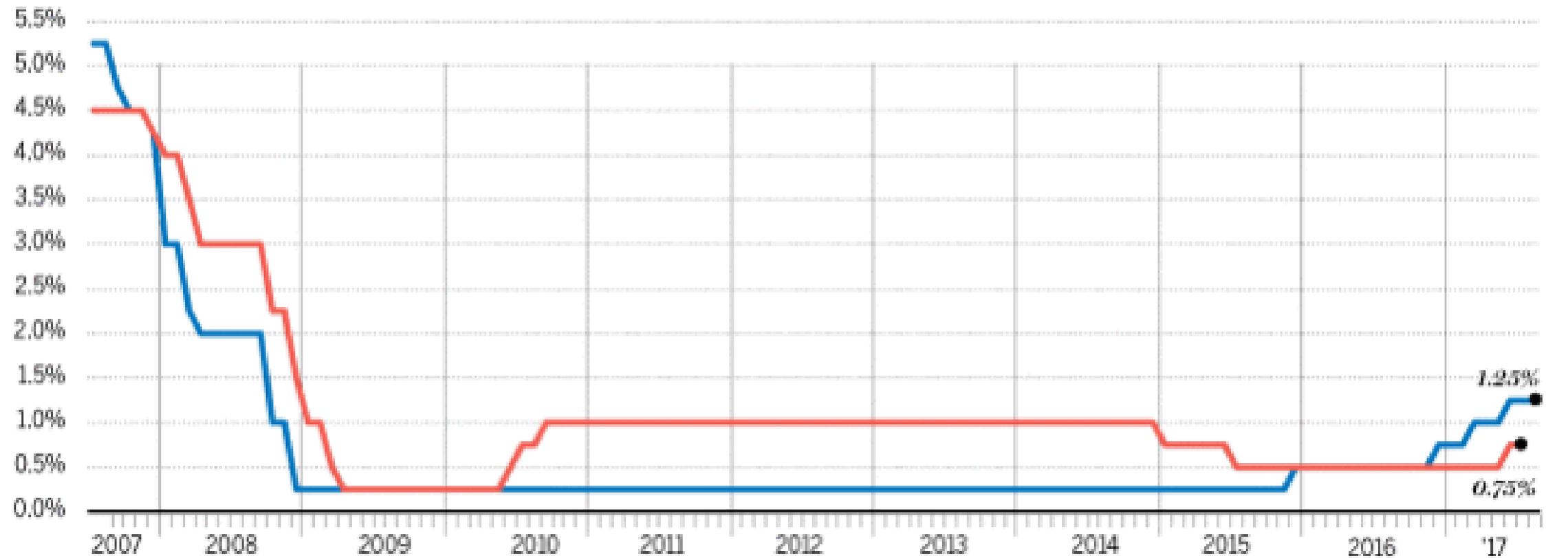


 22.5K people are talking about this



BoC PLAYING CATCHUP WITH FED

FEDERAL FUNDS TARGET RATE, UPPER BOUND MONTHLY, IN PER CENT, NOT SEASONALLY ADJUSTED
BANK OF CANADA OVERNIGHT LENDING RATE IN PER CENT, NOT SEASONALLY ADJUSTED

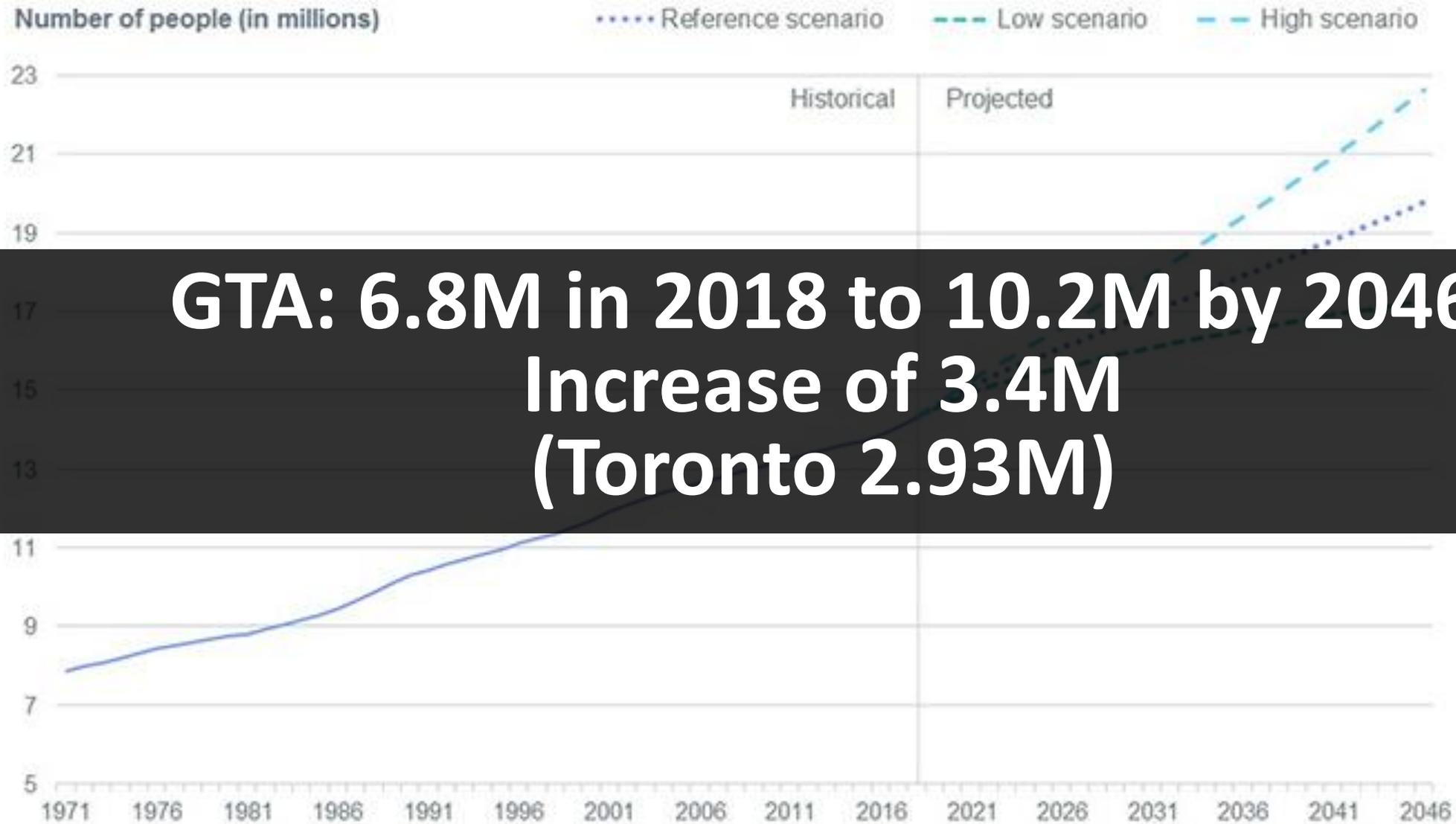


SOURCE: BLOOMBERG NEWS

NATIONAL POST

It's All About Supply & Demand

Chart 1: Ontario population, 1971 to 2046

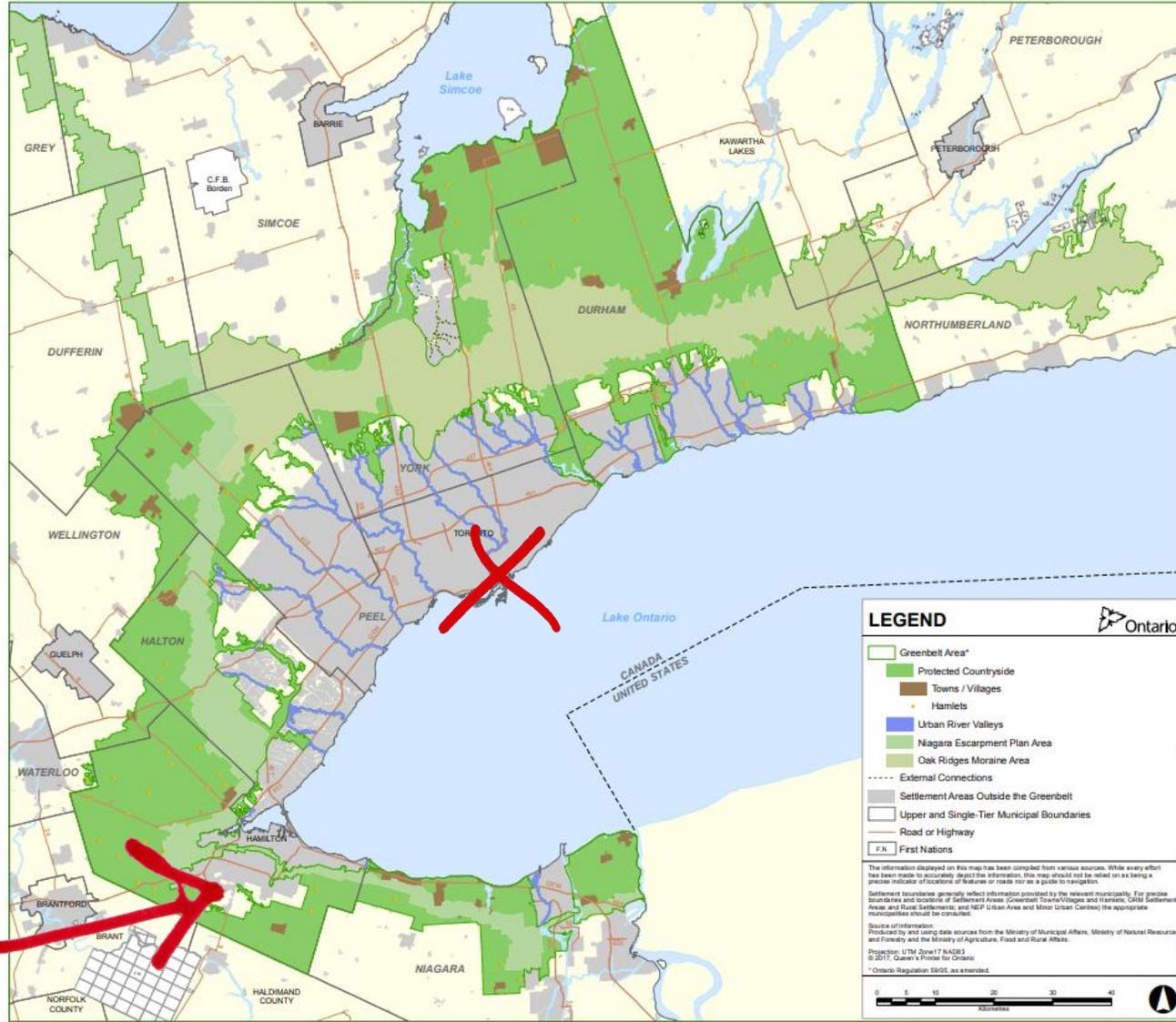


GTA: 6.8M in 2018 to 10.2M by 2046
Increase of 3.4M
(Toronto 2.93M)

**THINK
TRAFFIC
IS BAD
NOW?**



Hamilton



greenbelt

PLAN 2017

**Schedule 1:
Greenbelt Area**



Rentals Are A Great Small Business

- Customer on automated payments
- Employee less business
- Runs itself without me
- **HIGH in Demand, LOW in Supply**





Many Investment Strategies – How to Choose?

- Beginner: Single Family, Condo
- Intermediate: Basement Suites, Student Rentals, Rent To Own
- Advanced: Flips, BRRRR, Commercial



By Far The Most Popular Strategy Is...

- Legal Basement Apartments
- Step 1: Buy a bungalow, 1950-1960's
- Step 2: Hire Designer, Permit Drawings
- Step 3: Hire Contractor
- Step 4: Find Tenants (Vacancy rates are 1-3%)



#1 Strategy: Legal Basement Apartments

- Price Range mid \$400k to low \$500
 - Hamilton, Barrie, Oshawa, etc...
- +Renovation \$60-90k
- Rent Increases 50% From 1 to 2 Family Home
- Highest ROI per the Real Estate Accountant



#1 Strategy: Legal Basement Apartments

- Two Family Rent: Top \$1,800 / Bottom \$1,600
- Expenses
 - Utilities: Tenant Pays
 - Property: Taxes \$310
 - Insurance: \$110
 - Maintenance: \$200



#1 Strategy: Legal Basement Apartments

- Cash Flow \$700/Month
- At 6% Appreciation, ROI +40%

New zoning rules allow tiny houses, granny flats throughout Kitchener



Changes being considered by council on Monday would allow up to three units on most residential lots across the city.

NEWS 03:52 PM by [Catherine Thompson](#) ✓ Waterloo Region Record



up to 3 units on most lots



Tiny homes, like this one in Macon, Ga. could be coming to Kitchener, under changes to the city's residential zoning. - JASON VORHEES, The Associated Press



Future #1 Strategy: Backyard Tiny Houses

- 3rd Apartment
- To Build & Install ~\$150,000
- Rent \$1,500-1,800
- Financing available
- Previous Example Cash Flow \$700 → \$1,700



If Worried About Maintenance/Tenants

- Hire a Property Manager
- Cost 8-10% of Gross Rent
- Mine is an ex Cop



Truth About Real Estate Investing

- Only 10% of Investors have 10+ Properties
- 80% Have 1-4 Properties
- If you like spending 6-8hrs/week on investing:
learn everything, become a professional
- If you don't, hire the best of the best



REALTOR OF THE YEAR TO INVESTORS:

- 2015
- 2016
- 2017
- 2018



In Summary

- Increasing Demand
- Restricted Supply
- Lower Interest Rates
- Improving density: Single Family → Triplex
- Good for Landlords, Bad for Tenants



We don't have to be smarter than
the rest. We have to be more
disciplined than the rest.

— Warren Buffett —