



BUILDING FOUNDATIONS

From constructing houses for Habitat for Humanity to owning and renovating a number of duplexes himself, **Daniel Chin** has turned his fascination with construction into a passion for real estate investing

Investor Daniel Chin has been fascinated by how houses are built since the age of 15, but he ultimately entered real estate investing because it was something easy for him to understand. “It’s a way to build long-term wealth,” he says. “I can have 100% control over my investment, and I can ensure a financially secure life for myself, my family and my future family.”

After working as a customer service representative for TD Bank for more than a year and doing a lot of research, Chin bought his first income property with his own savings and a joint-venture partner’s money. The property was a duplex in Hamilton, Ontario, and he paid \$167,000 with a 5% down payment. He was just 23 years old.

“It was a no-brainer,” he says. “We knew the property would have positive cash flow of around \$400 monthly, and we would recoup our total cash invested at the end of year one.”

Three years later, Chin still owns the property, which is now worth around \$250,000, along with three other duplexes in the city. His strategy in Hamilton is to buy properties close to downtown and the GO station – locations where he sees a demand and an upside potential.

Chin believes Hamilton will experience a very high demand for apartment buildings over the next five to 10 years – and that more people will be renting. “More people are coming to Hamilton from Toronto because they are priced out of the GTA market,” he says. “A good strategy for new investors is to buy a duplex, live in one unit, and rent the other.”

Chin’s plan for investing in the city is to

keep an eye on neighbourhoods that are destined to be the next prime location. Right now, he believes that up-and-coming area is Barton, which he says will be growing a lot in the next two or three years.

“I see a huge upside with that area,” he says. “It’s the next Locke Street. Locke Street 10 years ago is where Barton is now. The effect can already be seen on James Street

5 INVESTING TIPS



It doesn’t cost you a penny to make an offer.



Have patience and use your time wisely – but be ready to strike when opportunity knocks.



Decide on your strategy (buy and hold, buy and sell, rent-to-own, student rentals, etc.) and find properties where you think your strategy works best. If your strategy works and you have successfully made money investing, do it again.



Follow people who are wealthy and successful and who truly make things happen, not people who look good in a suit and are good speakers.



If you have a will to really learn and commit to real estate investing, you will become wealthy and successful. You can start by going to the library and reading books for free, and taking people out for coffee or lunch and picking their brains. You’ll get thousands of dollars’ worth of knowledge.



A duplex conversion in Hamilton, purchased for \$190,000 in October 2015

North, where there are a lot of artists, and there are plans to increase the density of that whole strip.”

Finding the perfect property

Once Chin has determined his desired location, he uses a range of networks to find the perfect property, including Fusion/MLS (accessible because of his real estate licence), Comfree, Kijiji, PropertyGuys.com, TheCommercialInvestor.ca and local

newspapers. “I also walk the streets and talk to people, drive up and down potential streets, and network,” he says.

The property types he looks out for are multi-family buildings, such as duplexes, triplexes and four-plexes, particularly those with separate entrances, hydro and gas meters, and a good layout and the potential for value-add renovations.

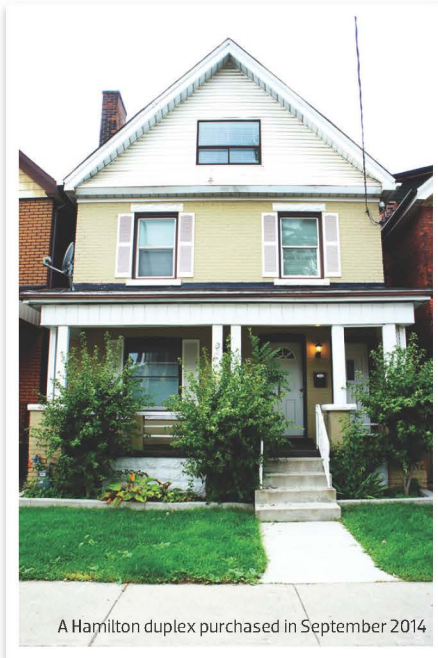
Chin’s current best deals are two semi-detached duplexes next to each other. He

acquired the first in June 2014 for \$153,000 and the other one in October 2015 for \$190,000. “Beginning in 2014, I searched for properties for six months by driving up and down different streets where I saw an upside

CHIN’S INVESTOR LESSONS

- » If you are afraid to take risks, you will never become wealthy.
- » If you do nothing, you become nothing.
- » The ones who stay in the game the longest are the ones who win. Be passionate about what you do.
- » Focus on one thing and become an expert at it.
- » Concentrate on one geographic area and learn everything about it: property values, comparables, sales history, the exact rent you can receive, the renters you want, how quickly you can rent, etc.

“If your strategy works and you have successfully made money investing, do it again”



A Hamilton duplex purchased in September 2014



A Hamilton duplex, the first property Chin purchased in February 2013

"I searched for properties for six months by driving up and down different streets where I saw an upside potential"

potential," he says. "One day I saw a private 'For Sale' sign in a big bay window, called the number and then saw the property the same day. The next day, I sat with the seller at her kitchen table, and we made the deal. It was one of the greatest feelings – I found a gem and possessed it with no competition."

Today, Chin lives rent-free in one of the two units in that property. In early 2015, he learned that his neighbour, who lived in the other semi-detached duplex, was planning to sell, and he continuously expressed his interest in buying the property.

"One day in August, I came home, and my neighbour came up to ask if I wanted to buy his property," he says. "I went and looked inside his property, and we shook hands and made a deal that evening. Acquiring these two duplexes was my favourite and best deal so far."

Team players

When it comes to financing, Chin's strategy really depends on the specific deal and what

he plans to do with the property. In most cases, he puts down a 20% down payment so he has the option to get a readvanceable mortgage. "The aim is to be able to recoup the total cash invested in a property within five years or less," he says.

Chin also uses a mortgage broker who understands the game very well, just one of the members of his all-important investment team. But putting this team together wasn't easy. "Assembling a great renovation team was my challenge when I first did renovations," he says.

Chin didn't know anyone who took care of all aspects of renovation work. But fortunately, before getting into real estate investing, he built houses for Habitat for Humanity in Toronto.

"I gained a fair amount of knowledge in construction, which became useful when hiring and dealing with contractors," he says. "However, I still got screwed many times. I was able to build a great renovation team by developing the courage and will to go out

there and do more and more, and through trial and error, I learned how to do it better and better. I always strive to do the next renovation job better than the one before."

Chin's plans for the future are to acquire 10- to 30-unit apartment buildings in downtown Hamilton or other up-and-coming markets over the next decade. But he does always have an exit strategy in sight.

"Rule number one is to never lose money," he says. "I always ask myself the following questions: If I purchased a rental property, and for whatever reason I don't want it anymore, can I sell it and still make a profit, or at least break even? How do I think the financial markets are looking short-term and long-term? Can I structure the property deal and give myself more flexibility and benefits as an investor – and still make money? And, if the economy went into recession, can I still hold the property and keep it fully rented? If the answer is yes to all the above, then I have protected much of the downside, and have followed my number-one rule." ■

CHIN'S PORTFOLIO

Location	Property type	Purchase year	Purchase price	Monthly rent	Current value
Hamilton	Duplex	Feb. 2013	\$167,000	\$1,900	\$250,000
Hamilton	Duplex	June 2014	\$153,000	\$900	\$200,000
Hamilton	Duplex	Sept. 2014	\$244,000	\$2,200	\$290,000
Hamilton	Duplex (conversion)	Oct. 2015	\$190,000	\$2,100	\$250,000