



KITCHISSIPPI INCOME PROPERTIES: Advice for first-time investors

Pamela Steeves

When television producer Rich Danby received an unexpected offer to purchase his home in McKellar Heights just one year after moving in, he had no idea the hefty profit he earned from that surprise sale would soon lead to a new passion for real estate - and a lucrative second career as a property investor and consultant.

A decade-plus later and the ambitious Danby is still living in Kitchissippi with his wife and four children, and still working as a long-time producer with Rogers TV. He is also the president of the Ottawa Real Estate Investors Organization (OREIO), an active member of The Real Estate Investment Network (REIN), owner of Rich Ottawa Investments (ROI) - and has added 7 new properties to his quickly growing portfolio - in the last six months. And don't be fooled by Danby's easy-going nature and cheerful smile; he's highly driven and he's done his homework. With plans to double his portfolio by 2015, he says real estate investing in Ottawa is on the incline.

"Many investors are not happy with their underperforming portfolios and are looking for alternative options outside of stocks, bonds and mutual funds," says Danby. "The real estate market is a great place to leverage your capital because you only have to put up 20% of the money, but you get to keep 100% of the profit. If I bought a stock for \$10 and it doubled over time, that would be fantastic, right? However, if I bought a property and it doubled, I'd



President of Rich Ottawa Investments and Kitchissippi resident, Rich Danby

earn a 500% return because I only had to put 20% down. That's the power of leverage! Where else can you do that?"

While certainly not without risk, Danby says success in real estate investing is really a simple recipe, and comes from combining knowledge with hard work and passion. "You have to take the time to learn and understand the economic fundamentals or partner with somebody that does," says Danby. "Look for areas with new developments, job growth and transportation improvements. Your research should be specific to the city you're considering and the specific neighbourhood you're interested in."

Ottawa is named one of the top ten most ap-

pealing cities for real estate investing right now. Both REIN and Danby suggest that sophisticated Ottawa investors should look toward revitalization areas such as expansion along the O-Train development. Kitchissippi's extensive recent development; in particular new condo properties with retail space, is providing amenities and an upscale lifestyle, attracting businesses, buyers and renters. This high demand for Kitchissippi condo living is predicted to continue to rise, according to Danby and other real estate experts.

GETTING STARTED

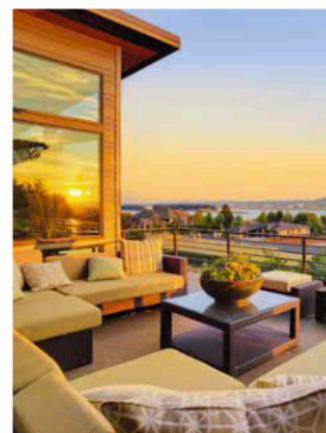
Committing to that first income property may seem daunting, but according to Danby, fear is most often the biggest hurdle that rookie investors must overcome to be successful. After that, he adds, the process becomes much easier as you build confidence and experience. He offers the following advice to help new investors started.

Overcome your fears.

"Fear of failure is most often the biggest obstacle to overcome, says Danby. "Many people are so afraid of losing their hard-earned money that they either do nothing, or end up with 'analysis paralysis' and end up losing the deal to somebody else."

Have a plan in advance.

What do you want to buy and why? Does it make sense considering where you are in your life, both personally and professionally? Have you talked to



a real estate investment expert to help you develop a plan specific to your lifestyle and resources? Do you want to do this alone or leverage off the time, team and expertise of somebody who has more knowledge and experience?

Seek knowledge!

Start surrounding yourself with people that are doing what you want to do and that inspire you to want more. OREIO, for example, hosts monthly meetings to provide real estate education and networking opportunities.

Be patient.

Don't allow yourself to get talked into something because someone else believes it's a great deal. "If your instincts tell you it's not the right deal, it's probably not."

Continued on page 14



KITCHISSIPPI INCOME PROPERTIES: Advice for first-time investors

Continued from page 13

Always get a building inspection.

"Earlier this year, I spent about \$1000.00 in due diligence on an apartment building I wanted to buy. I discovered the building would cost over \$150,000 to repair. The numbers no longer made sense and the seller wasn't willing to reduce the price enough. Some people get caught up in the excitement of negotiating and find ways to convince themselves to buy it anyway. You need to be willing to walk away, which sometimes costs money."

Avoid rookie mistakes.

"A little knowledge can be very dangerous. Taking a 'how to' weekend workshop does not make you an expert, but it can certainly leave you feeling like one. Jumping in too fast is one of the more common mistakes investors make. A good investment requires dedication to the process, which includes understanding the numbers, and conducting proper due diligence on the property and its surrounding areas."

Think twice about property flipping.

Made popular by reality television programs, flipping properties can be very profitable, but Danby says beware. "People see this as a way to get rich quick, but in truth it's very risky. Inexperienced investors are often overpaying and making decisions based on speculation." He adds making the decision to flip really comes down to understanding if it's going to be profitable enough to be worth the

"A good investment requires dedication to the process, which includes understanding the numbers, and conducting proper due diligence on the property and its surrounding areas."

time and effort required. "If you're considering a flip I would review the comparables very closely, create a budget with the help of contractors and add a minimum of 20% as a contingency fund."

Danby's excitement for the business is contagious. He warns it is also highly addictive. "I used to work hard for money, now I work hard for knowledge," he explains. "Once you understand how to invest safely, you can improve your lifestyle, create security for your family - and retire early."