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## Renovation Webinar

### Dean Parker & Steve McKnight (Property Investing.com)

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#### Deal Elise and Dean did not buy and should have

**Steve McKnight:** Tell me about a deal you didn't buy that you should have.

**Dean Parker:** Well, I didn't buy it, and I should of, but then I did.

**Steve McKnight:** Okay.

**Dean Parker:** And you know about this one. This is one in New Zealand that I had to go that way. This is one that I didn't buy because it was probably just a bit of fear about I guess not having the education at the time to know what to do and we were out on the Kiwi Adventure and it was a property that I'd come across and had the opportunity of buying it and didn't and then went back at the end of the week to face the music. Your good self at the end of the week to report back with what we'd done and telling the group and yourself about how I'd let this one go. And I guess when we sat down and went through all the numbers and looked at how good a deal it was, that's when it was almost a no-brainer thereafter to say you need to get on the phone and just ring these guys straightaway; this is a good deal.

So I guess that's what it comes down to. Like, when you know what you're doing, there's not that many deals out there that when they do come up you really see them quite clearly and they stand out a bit more obviously. I guess you don't make that mistake. And I guess if you hadn't have been over there educating me along the way then that deal would have been missed. And I mean, I made \$70,000 out of that deal and I spent four months just doing nothing. I didn't even renovate that one. That was just an absolute bargain. I guess that's one application of not knowing what you're doing and possibly letting them slip through the cracks.

**Steve McKnight:** You raise an interesting point which is when you're new to this, you don't really know a great deal from a good deal. You probably know a good deal from a bad deal but sometimes you talk yourself out of it. And I've been in that situation myself where I've talked myself out of things. Like I've talked to you about a deal I'm looking at the moment literally. Throughout the back from our office there's a building which is for sale for \$1.3 million and it's a medical center and it's on a bit of land which I could ball over and build back ten units. And so what's \$1.3 million? I could ball it...It's quite a nice building I should say too. I could ball it over and then build back ten units and sell them for \$500,000 each...ten two-bedder's and sell them for \$500,000 a door. So that's a \$5 million sales price. So \$1.3 million which leaves what, \$3.7 million. It costs us \$2 million to build, maybe \$700,000 to hold. So there might be \$1 million profit in it.

But I'm looking at this building and I'm kind of in this mode where I'm still not really good at doing this kind of development and I'm...there are all these doubts and fears that are talking me out of

doing it rather than the compelling reason to jump in and have a go at it. So it's...Yeah, I don't think you ever overcome that little seed of fear whenever you buy a property. Is this the one that's not going to work out? And if you do become blasé about it, you're probably setting yourself up for a big loss.

So my encouragement to people listening to this is don't worry too much if you've got some fear when you're looking at deals or it comes to buy; that's normal. But what gets you through and what gives you the confidence is I think those points you were making before, educating yourself to get confidence, having a system behind you, doing the numbers and having something more than just hope.