

TALES FROM THE TRENCHES™

BY BARRY C. MCGUIRE

June, 2017

A Tale of Real Estate Investing Success

I've been doing *Tales from the Trenches* for 15 years. These are amazing stories from real estate investors, mostly from Alberta, Canada because that's where I practice law. *Tales* began as a segment during meetings of the Real Estate Investment Network (REIN), which I continue to do. And then about 4 years ago, it became a podcast, too.

Lots of those stories are about mistakes made and lessons learned. Feedback tells me you find *Tales* not only interesting, but also very useful in organizing your own real estate rules and how you invest. I love doing *Tales* and you love hearing them.

We post *Tales* on my blog website, where we are at 99 podcasts and counting. The 100th podcast is a big deal, at least in my mind. But, what should I talk about? Fond reminiscing about doing 99 podcasts, how I love the feedback, how many folks we have helped, why that feels good... what to do?

Today the lightning bolt struck. I know what I'm going to say!

Of course, it's a story. But, instead of a typical *Tale* about mistakes made and how to avoid those mistakes, this *Tale* is all about success. It's all about an approach to real estate investing that has a high percentage chance of creating success. You can up your chances of trouble-free real estate investing by listening to this great story, a very positive *Tale from the Trenches*.

This is the story of new Canadians, who in 2003 thought they would like to supplement their incomes with a revenue property. They bought a duplex on the central south side of Edmonton, close to the University of Alberta, but not too close, and started down the investment real estate road.

Today, 14 years later, they are retiring and moving on to the next phase of their lives. It was time to sell the duplex. When they came to see me to sign their sale paperwork, we were in my boardroom going through the details. I'm always interested in what my clients have been doing and how their investments have worked for them.

So I asked them, "how has it gone, what has your investment experience been like?" I love their response! Here's what they said:

"The property has not given us one bit of trouble over 14 years; this was a trouble-free investment for us. We bought the duplex for \$360,000 and are selling for \$795,000. Plus, it has been great positive cash flow over 14 years."

"That's fantastic," I said "what a great story. What is the secret of your success?"

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7 Keys to Success with Buy & Hold Real Estate Investing in Alberta

1. **We were very careful about tenant selection.**

Once we get an application from a potential new tenant, the very first thing we do is go on Facebook and Linked-in. If there are any posts done after a wild evening of partying, chances are we were not going to rent to those people.

2. **We always checked with the previous landlord(s).**

Especially the second-last landlord if we could reach them. If any landlord referral was an over-the-top glowing recommendation, we were suspicious and did extra diligence.

3. **We always did a serious tenant interview.**

Even if all of our other diligence didn't show any problems, if we did not have a good intuition, a good gut feeling then we wouldn't rent.

4. **We never hesitated to leave the property vacant for a month if we couldn't get the right tenant.**

It's way better to suffer for a month (or more) than to be stuck with a bad tenant for a year (or more)! Having a reserve fund puts you in the position to be able to do this.

5. **We took an interest in our tenants.**

We were available landlords and we always encouraged the tenants to keep us informed about anything to do with the duplex.

6. **We always kept the property in good condition.**

We fixed anything as it came along, no deferred maintenance. But over 14 years, there wasn't much trouble because we had an engineer inspect the property at the beginning. It was well built to begin with and in fantastic shape when we bought it. Maintaining the property was really a minimum cost.

7. **We took care of our tenants.**

We encouraged them to tell us if they were going on holiday so that we could keep an eye on the place for them and sometimes even retrieved their mail. Tenants stayed with us for years even at the premium rent that we charged. Currently one half of the duplex is rented at \$1650 per month with the tenant having been there three years. A new tenant on the other side is paying \$1800 per month.

Why is this such a great story? It's a classic illustration of what I've always believed brings real estate investing success. Buy a decent property in a decent area and manage the heck out of it. That's it! Of course there are ups and downs and problems to solve. But if you buy that decent property in a decent area and manage the way my clients managed, you just can't help but be successful. And that's tonight's *Tale from the Trenches*.

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