SUCCESS STORY #43

Remove Emotions by Investing Halfway Around the World

Todd Millar and Danielle Millar

An "overnight success story" in real estate will may take you 10 years to achieve. But it is possible. And it is worth it.

Husband-and-wife investor team Todd and Danielle Millar have a few stories to share about what can go wrong when you buy revenue property that needs major renovations before it's ready for tenants. There was the time fire code regulations changed as they undertook a reno, necessitating more expense than they planned for. They've also experienced the mind-bending levels of frustration linked to a contractor's decision to drop their multiplex renovation mid-stream to free his time for a larger multi-family project. They've worked through the aftermath of a fire that damaged several units of a building they were trying to buy. They've dealt with the financial and emotional roller coaster of learning the fire was set by a disgruntled tenant retaliating against the property's last owner. It gets worse: All of these things occurred on the same deal, which ended with the Millars losing a sizeable deposit, plus reno cash, all because they failed to meet legal deadlines and the municipal code, a problem that links right back to that contractor!

Complicating the situation was the fact Todd and Danielle launched their Canadian investment portfolio from the other side of the planet. Although trained as a classical French chef and a chemical lab assistant, respectively, Todd and Danielle live in Japan, where they teach English and satisfy a passion for travel, having journeyed to almost 20 nations.

They bought their first property, a duplex in Winnipeg, Manitoba, in 2002. They paid $32,000 and rented it for $1,000 a month. A second Winnipeg property followed and a multiplex in Hamilton, Ontario, was next. Its lessons were mostly scary and expensive, but that deal also spurred them to do more reading and to deliberately look for ways to make real estate investing less risky. "We took a few expensive real estate courses and bought a few more properties," recalls Todd, 35. They were also looking

for ways to avoid the pitfalls of past deals. "At the same time," he adds "we were working hard to save more money to invest."

Still living and working in Japan, the Millars joined REIN in December 2005. That move paid off, big time. Operating as Glenn Simon Inc., the real estate company they launched in 2002 went from 5 properties in 2005 to 30 transactions by 2007. By the middle of that year, they were holding 25 properties, plus land. All of the properties are in Canada and most were purchased with joint venture partners. With investors in Canada, Japan, Singapore, Australia and the United States, the Millars have turned a $32,000 duplex into a multi-million-dollar investment portfolio, making their partners very decent returns along the way. "Most of them are repeat investors, I might add," says Todd.

Given the distance between their Asian home and their Canadian portfolio, the Millars rely on a team of trusted professionals, including property managers. They also protect their investors' interest with a healthy reserve fund and factor in potential negative cash flow, if needed. "That way, we eliminate cash calls. We never go back to our partners for additional funds." You can't afford surprises when your investments are halfway around the world and 15 time zones away. This distance has forced Todd and Danielle to automate their business as much as possible.

Keenly focused on growth areas within the Canadian market (they look for higher-than-average appreciation in areas of renewal combined with infrastructure and transit improvements), the Millars plan to double their portfolio by the end of 2007. That's aggressive, admits Danielle, 34, who figures they'll reach their target of owning more than 100 properties by the end of 2009.

"I think one of our skills is the ability to look at deals from a distance and really analyze what works and what doesn't. Part of our success is due to the research we run on our properties and the fact that we're often not there to look at the buildings and add emotion to the decision," says Danielle. "Analyzing deals from a distance makes us sharper. We do more due diligence, and that safeguards us and our partners."

With one eye on their exit strategy, their purchases are all located in the middle-class-plus neighbourhoods where new homeowners, families, executives and maybe even a few retirees will be looking to buy in the future.