

The Secret life of Paul

How Property Secrets director and founder **Paul Giezekamp** turned a hobby into a successful career in the property market

Secret Number One: In the beginning...

Property Secrets director Paul Giezekamp wears many hats in his property investment company, but his first role wasn't even in the industry.

Giezekamp first started with a security personnel company, using his spare money to invest in property, which was "a passion of mine and a hobby".

"What I noticed was that with the properties that I was buying, I never really had to sell any property and I had total control over it – but with every contract that I got for security there was a possibility I could lose it to a competitor," he said.

"I didn't have much power when I was in my business, but personally in my investments no one could tell me what to do.

"I kept buying more and more and more property and I was still getting bigger in regards to security but you would get two or three contracts then you would lose two or three contracts – it was like one step forward and two steps back. You'd put staff on then have to get rid of them because there was no work.

"I started moving towards the property side of things. I was in the game of security for 10 years but I just found myself moving out of that towards property. It is one of those things where you want to control what your destiny is."

Secret Number Two: The Spark...

After a decade in the industry, Giezekamp realised he no longer had the passion for the business. Compounding the issue was the fact that the public liability insurance crisis was crippling the industry.

"We used to pay \$3000 or \$4000 a year for our premiums and we couldn't even pay \$100,000 [and get someone to provide coverage]," he explained.

"I thought that if I ever set up my own business I would have multiple streams of income so if one fell over you could get more income from other areas. I sorted out the problem and we got around the insurance issue but I was not passionate about it so I decided to sell it.

"At the same time, there were all the properties I purchased at the bottom of the cycle in Sydney and Sydney boomed around 2002. All of a sudden I had all this cash – and I had always had money but not that kind of money.

"I didn't know what to do because I was in my 30s and kind of retired. So I thought of what I like doing and I thought I might be a mortgage broker. It was a step towards going into property and

an entry into that industry. I got so good at that I became one of the biggest brokers for a non-bank lender and from there I decided I wanted to start hanging around the bigger boys in the industry."

Secret Number Three: Growth...

When Giezekamp started investing in property he was disappointed to find out that there were no companies which offered a property investing service.

But when clients started asking him to buy a property for them, he realised the demand was widespread and started a buyers agent division of the company.

"Then I also used to do property coaching to see where people are right now and how many properties they want to have," he said.

"Everyone knew I had 17 properties at that stage, so then we added the coaching and now there were three divisions – coaching, finance and buyers agent.

"Sometimes the clients said they didn't want to be an active investor and buy something then renovate it so they would ask me to buy a dump, get the finance for it, oversee the renovation and then pull the equity after it. Then they asked about property management – that was another division. Then we had the situation where we had organised finance for clients, coached them, found them a house, renovated it then rented it out and they wanted protection. So I'm an advisor with MLC and we have a protection arm as well.

"Those are the six areas we have been running for the last four to five years."

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New NSW regulations have pre-approval for granny flats on blocks 450m²

We had a lot of media coverage after buying property too cheap for our clients... our phones melted

Secret Number Four: Riding the Wave...

In addition to the normal problems associated with managing staff – Giezekamp said the company had to undergo a large turnover after its start-up phase – the main challenge of operating the company had been harnessing its growth.

"We had a lot of media coverage after buying properties too cheap for our clients," he said.

"When you go from a little boutique place in Leichardt to being on *Today Tonight* and *A Current Affair* and John Law's radio show – we had people like Ross Greenwood saying that this guy is onto something, everyone should do it – our phones melted and they melted for three months.

"Now we have clients in Hong Kong, the US, UK, Dubai – all expats earning good money who don't have time to come back and sort everything out and want a company that will do everything under one roof.

"It was a challenge, because we didn't have anything in place in terms of the systems or the processes or even the staff or training – we had nothing up to speed for that kind of growth.

"We did some long hours but definitely got through it."

Secret Number Five: Opportunities...

According to Giezekamp there were plenty of opportunities for growth despite the recent economic downturn.

"We are buying the cheap properties, so in terms of demand for us we don't really get a recession because all of the properties that we purchase for our clients are all over 560m² of land," he added.

"If we are talking about Sydney, what the NSW government has just done is add a 'McCafe' to my already good system. The government has said that any property above 450m² can have a granny flat on it – it's pre-approved and it just has to comply to eight to 10 guidelines with a 10 day turnaround time. Now all of my clients can have dual incomes and be positively geared for the property.

"Where we had a good product in OK times two or three years ago when the rates were at 8% or 9%, what we have got now is an even better product in the worst financial mess we have seen in 50 years. We are very busy. Interest rates have dropped, rents have gone up, and if you add in the granny flat option you have positively geared properties in Sydney 35 minutes from the CBD."

Giezekamp said the company was also looking at two new divisions focusing on development – helping clients purchase properties for subdivision – and lifestyle, where clients would be able to develop a personal property portfolio big enough to sustain their lifestyle without working.

"If I can take 2000 people to a net worth situation where they don't have to work anymore and they only work because it is their passion or because they want to, then that is freedom," he said.

"That is a story worth writing. Anyone can tell you to go and buy property and chase yields and all that sort of thing, but it is the same old stuff – I am tired of reading about that sort of thing.

"We have definitely got a mission for our clients when we can get them to that sort of position with no more debt." **W**