Gray's autonomy

Chris Gray is an author and television presenter, as well as being a self-confessed 'reformed accountant' and 'lifestyle junkie'. His life of financial freedom all started with property investing.

Matthew Liddy

Who is Chris Gray?

I'm 37 years old, recently married and with a baby virtually due to drop out any second now. I'm an accountant by trade and basically started out with a $35,000 inheritance when I was 22, built it into a $3.5 million portfolio by the time I was 31 and retired from having a full-time career. Over the last five or six years I've been concentrating on investing and I'm the property expert on MyHome TV on Channel Nine. So now I work part-time buying properties for me, buying properties for clients and running seminars and doing some education classes.

And you grew up in the UK?

I was born in the UK, came here on a backpacking visa at 18 and absolutely loved it. I was deep in debt, had no money and worked seven days a week, living in a backpackers hostel, four to a room, but walking down to Manly beach, there was nothing better. I worked out that even if you've got no money in this country it's an amazing place.

When did you permanently move to Australia?

I immigrated over here, became a permanent resident and got my citizenship when I was about 27. I've been here for about 10 years.

How did you get started with property investing?

When I returned from backpacking in Australia… I got so annoyed with my parents telling me what to do that I thought I wanted to go out and find my own place. I started looking at properties and I started falling in love with all the properties I couldn't afford, so I couldn't stand the one-bedroom unit that everyone else was looking at but a nice three-bedroom house with polished floors close to the city was something just up my street. When I looked at what I wanted, it was then just a case of working out how to pay for it. What I worked out was that a three-bedroom house was cheaper than a one-bedroom unit – the reason being that if you could get a three-bedroom house and you get two of your friends renting off you, in the UK the rents used to be about 11 or 12 per cent in those days, that would actually pay the majority of your mortgage.

I ended up buying a property for 200,000 (pounds) that was worth 250,000, so I made 50 grand overnight, which was probably two years' salary, and I ended up living in a place that I virtually got for nothing. That's when it started to dawn on me that there were cleverer ways to do things.

Where does your property portfolio sit now?

I've got about a dozen properties worth probably about $9 million. I've doubled that in the last six months – it was around $4.5 million.

Where is most of your portfolio located?

A lot of it's in Sydney's eastern suburbs where I live, which is a very high capital growth area. I've still got one up in Queensland and two in the UK but I'd probably say about three-quarters of the portfolio's around the east. I do believe in diversification but at the same time I believe in specialisation. I know a lot of the agents around the eastern suburbs so if I'm buying a $500,000 property I might make $50,000 to $100,000 within a month of buying it, so that immediate profit will quite often offset the risk (of not diversifying).

What's your plan for the next five years?

To keep buying, basically. During 2008 I want to be in the $10 million to $15 million bracket of assets and then from there starting slowly to reduce my gearing.

In your former career you were on the inside of the dot.com boom in Australia. What was that like?

The dot.com time was great. I was actually working for a dot.com and I bet one to two years' salary on our share price going up and I think each cent it rose I got $1000, so I was initially looking at buying one of those Jeep Wranglers and I ended up putting the Jeep Wrangler on the share market instead and ended up walking away with a Ferrari – a cheap Ferrari but it was still a Ferrari. So I did quite enjoy it – but I didn't really sleep for four days.

You could say I do like the share market but it's so unpredictable. One of the venture capitalists said to me, 'No matter how good the company is, you can't beat the market', so if the market's going down there's nothing you can do about it. And that's what I don't like about shares is that you can't control them, whereas property you can do a lot more.

And then your company suffered in the bust as well…

(The share price) went from 50 cents and I think I sold out at $1.25. It then carried on going up to $7.50 and I put some more money in expecting it to double to $15 and I went skiing for three weeks and it shot down to about $3 and now it's down to about a cent or something. So as well as making some money I certainly lost some in there as well.

I think whether you're investing in shares or property you've got to understand that the markets don't always go up. Where you do lose money – and I have lost money in property as well – you've got to take it on the chin, you've got to accept it and you've just then got to tighten your own policies and strategies to make sure that you're aware of a potential loss next time.

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You mentioned you're recently married. Tell us about your family.

My wife's name's Tanya. We got married in March (2007) in Australia and then I normally go overseas for a month in August so we got married over in the UK as well. A baby was conceived in between those two dates and so is due any minute as we speak. I'd always said I wanted to be a live-at-home dad. I don't mind working a few hours a week but I certainly don't want a full-time job, so we've just moved in to a great new house with gym and sauna and pool, so hopefully I can be at home on the computer or on the phone but I've still got the baby sitting there and I can make the most of family life. That's the great thing about property – it's passive, so you can take a step back.

You've described yourself as a 'lifestyle junkie'. What does that mean?

My biggest focus has always been on enjoying life. You only get one life so you've got to do the most with it.

My father worked until he was 65 and when he retired he carried on working and then died at 68 with a heart attack. Now, he enjoyed what he did and so if he had his time again

I don't think he would have changed it at all. I just thought from an early age, I want a Ferrari when I'm in my 20s and single, not when I'm 50, balding and fat – even though I was balding in my 20s anyway! I always wanted the freedom and the choice now, so that's been the biggest push for me. I do take my work seriously, I take my property investing seriously but my ultimate aim is to enjoy life so that's my number one priority with everything.

It sounds like you have something of a love affair with cars?

I absolutely love them. I haven't got a clue what's under the bonnet. I don't know power to weight ratios or anything else but I do love driving anything from trucks to bikes to any types of cars. When I had a Ferrari before, it used to cost me about $50,000 a year, which is a lot of money, but I always justified it by saying, well that's the capital gain on one of my properties – the rest of the properties can go towards my long-term wealth but I need one for my toys.

Now I've joined a car club called P1 International and it's a bit like leisure boating, where you buy points to get into a boat share. They do a similar thing with cars, so for a fraction of the $50,000 I used to spend you can actually join and you can get Lamborghinis, Ferraris, Porsches, Aston Martins, almost any car that you could wish for. But rather than owning it for 365 days of the year when you're paying for it and not really using it, you get points and you just use your points as you wish and book in to use all of these fabulous cars. My thought process goes from that to expensive houses as well. If you want to live in a $5 million house, it costs you an absolute fortune in interest, it's one big asset that's not diversified and you're paying $400,000 or $500,000 in mortgage payments.

So you rent your own house?

Yes. Where everyone says rent money's dead money, that's true. But at the same time I always want to rent my luxury cars because then I've got no grief and I always want to rent my luxury properties because again, I'd rather rent all my properties out at a 4 or 5 per cent return but when I rent I only want to pay 2 per cent.

What are your other 'lifestyle junkie' passions?

I love the water, so I got into water skiing on the harbour when I came here after a couple of years. That's the greatest thing. I've just started getting into boot camp. I can't stand it. I absolutely hate the exercise but I need someone to crack the whip and force me to do it and after three weeks I'm still standing and have shed a couple of kilos as well. I just like doing lots of different things. I've got no one great passion – I just like variety in life. That's how the TV thing started because when I gave up work at 31 I started doing extras work and to start with it was more just for a fun thing to hang out on a film set and see how a film's made, while only making $20 an hour or so. And then a few years later that led to me being the property expert on MyHome TV and we've filmed something like 37 episodes last year.

How did you go from being an extra to presenting on a TV show?

Basically it was just from networking. I was on a film set a couple of years ago and I was just being paid $20 an hour. You wouldn't say anything, you'd just be in the back of the picture. But I was speaking to one of the photographers and I was helping him – he had a commercial photography place and he was renting. He had issues with his landlord, so over the next year or two for free I was giving him advice on how he could try to sort out his business. It's like anything – if you give something away for free it comes back tenfold.

Through his extras agency, they suddenly sent an email out saying, does anyone know anyone that's an expert in property because we need a presenter for the show. My agency didn't send it to me because they didn't realise I was into property but he got the email, forwarded it on and probably two weeks later I got the job.

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What's it been like working on the show?

It's been a great way to see lots of different properties, from multi-million dollar penthouses in Melbourne and Queensland and Sydney to eco-homes to properties that they cut in half and put them on the back of a truck, to meet lots of different types of investors, people that renovate, all these different things. It just broadens your experience. I don't believe there's any one right investing strategy. It depends on your age, your risk, the amount of money you've got and everything else. So even if you're pretty strong to go down a certain path of capital gain or positive cash flow or whatever it is, you should always be aware of other options and other things going on just either to test your strategy or to see if there's a different path that's worth changing to because the market's changed.

What do you look for in an investment property?

I'm really looking very, very much long term. Even though it's great to get a bargain because you make the profit on day one, ultimately if the property's not going to grow or it's not going to be attractive to tenants, that short-term gain you may lose in the long term.

Was investing a struggle in the early days?

There's always tough times. Whenever you read things in magazines, it always looks nice and rosy and perfect but it's never that way. The more money you make, the harder it's been. The first property I had, before I got tenants in I got down to my last kind of 10 pounds. All my credit cards were maxed, all my bank account loans were maxed, everything was maxed. I just kept hanging on and I almost had to come clean and go, 'dad I've stuffed up here, it's all gone wrong, I've overstretched myself'. But then I got a promotion – an old boss came back and gave me a new job and gave me a 50 per cent pay rise. Suddenly within a year the whole situation turned around.

What's your gearing like now?

I'd say I'm still highly geared. I'm still young, I'm 37, so I still think I've got the ability to turn things around (if something goes wrong). But over the next few years I'll start to pull that back. I've certainly got more of a buffer zone and my earning capacity has significantly gone up.

What would you never do with your money?

I hate gambling. I can spend $50,000 on a car and enjoy it but if I went to the races and lost $200 I'd be pissed off.

Do you ever miss being an accountant?

Not at all. I can't stand it (laughs). I've always been good with numbers but just having that discipline of having to be at a certain place at a certain time and not having the flexibility it used to drive me nuts. From time to time I might work a 14 or 15-hour day but I don't think of it as work.

I've been doing boot camp and getting up at 5.30am and then going off to meetings and doing whatever else, and maybe coming back at 11 o'clock at night. But is it work, is it play? Hard to tell. But the main thing is – we had a bit of a temporary scare with the baby and so for 10 days I just cancelled everything and I lived and slept in the hospital. It's having that flexibility and if I want to change something, I can just flick a switch and I can change it.

Is that the most important thing property has given you?

Yes. To me, it's not the money. It's the freedom and choice and choosing what I do 24/7. ■