INTELLIGENT

PROPERTY INVESTOR

The Spending Cycle, Financial Independence & The China Trade Sanctions

I LOVE REAL ESTATE

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Welcome To The Intelligent Property Investor Masterclass

I've been asked a number of times why am I doing these?

Why am I giving out all of this free information on the markets, and what it all means, and where we're heading and all of those sorts of things.

Well, I'm doing this because I want you to become a more intelligent property investor, because more intelligent property investors make better decisions. They make more intelligent decisions and as a result, get better results.

The timing right now is particularly important because we are now entering a boom cycle. Now, remember I am an accountant and I am an economist.

And this cycle that we're entering right now is going to be very, very crucial for yourself and your financial futures, as well as your family's futures and probably for generations to come. So that's why this cycle will be very, very important.

The last time that we had massive increases in pricing like we are seeing now, I want you to think back to the end of GFC.

What did you do? How much advantage did you take of the upheaval in pricing that happened from 2010, 2012 onwards?

It bottomed out in 2010, but really took off in 2012. What did you do then? How many properties did you buy for those next few years? How much did they increase in value?

Because those are the kinds of times that we are entering again.

In fact, I could also take you back to the mid-cycle slow down in the early 2000s. Think about the pricing then (if you're old enough), think about what those prices were.

What did you do then? How many properties did you buy? What happened?

If youm are even older, think about the early '90s when we had the last recession. The recession that we had in 2020 was the first recession since the '90s.

So what did you do then? Sydney prices back then were $194,000. That was the median house price in Sydney and other cities were similar.

How many properties did you buy? What would they be worth today?

The reason I'm being so hard on you right now is because I really want you to understand the importance of this period of time that we're coming into.

I put this information out on my website too, which is **ilove realestate.tv** so you can get all of the previous Intelligent Property Investor masterclasses that I do on a weekly basis.

You can go back and listen because it tells a story. And the more that you go through and listen to the story, you can see how it's developing.

I also put it out on my **YouTube channel** and I also put it out onto **Spotify** and onto **iTunes**, but I really, really encourage you to, to jump onto my website, **iloverealestate.tv** and get a subscription to these master classes that are all free.

I don't sell properties. This is all about knowledge and making intelligent decisions.

Let's get into this masterclass.

So what are we going to cover?

Firstly we're going to be looking at **how the spending cycle accelerates property pricing**. We actually need to be in a spending cycle, which we are only just tapping into right now. And I'll explain that.

Secondly I want to talk about **the real reason why most Australians won't become financially independent**. And I think you'll agree with me when I go through all of those reasons.

The next thing I want to talk about, and this is really a continuation of what I've been doing over the last few weeks, is **the trade sanctions with China and how much of an impact, or not, that they're having on our economy**.

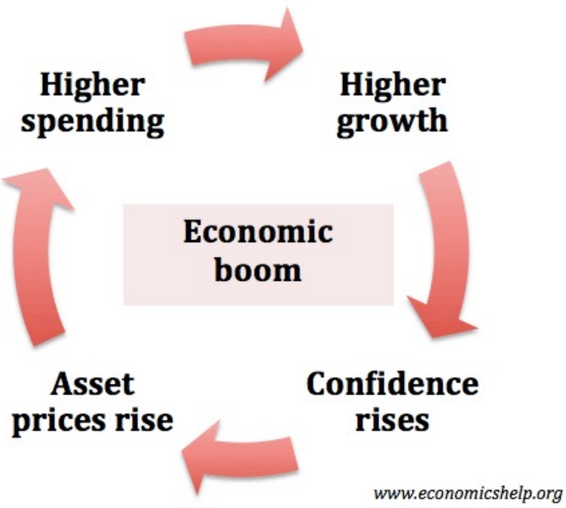
I'll give you a little bit of a hint. There's a good news story there.

How The Spending Cycle Is Accelerating Property Prices

You need to have business confidence in order to have a growing economy.

A growing economy creates jobs, it creates wages, it creates employment, it creates profits, it creates dividends, and the money goes round and round and round.

But here's another sideline to what happens from a business confidence perspective.



First of all, when an economy is booming we have **higher spending**.

When business confidence is there and consumer confidence is there and we're all spending, we're buying shoes, we're going to restaurants, we're having holidays, we're out there doing things, et cetera, we're spending money.

Which means all of those businesses where we are spending money, they are all making money and those businesses employ people.

And those people then have more money to spend and the cycle goes round and round and round. That's what creates **higher growth**.

Growth comes in the form of economic activity.

Gross Domestic Product (GDP) is a measure economic activity in the market. And when you've got lots of activity, aka, everybody's spending, then the economy gets into a higher growth cycle.

A sideline to this, and you might not like this, is that we have more money, so we pay more tax. Which means we've got more government money to spend on roads and hospitals and schools and all the other things that we spend money on, which creates more jobs and more infrastructure spending, et cetera.

That creates a rise in the economic activity, it **creates a rise in confidence** both at an individual level and also at a business level.

And that in itself creates a **surge into asset prices**. So asset prices rise.

Now, when we talk asset prices, we then go into housing. I'm property centric, as you know.

But we were also talking about the share market because all those companies where people are spending more money and making more profits and therefore their share prices have an elevated effect.

So that creates another increase in asset price.

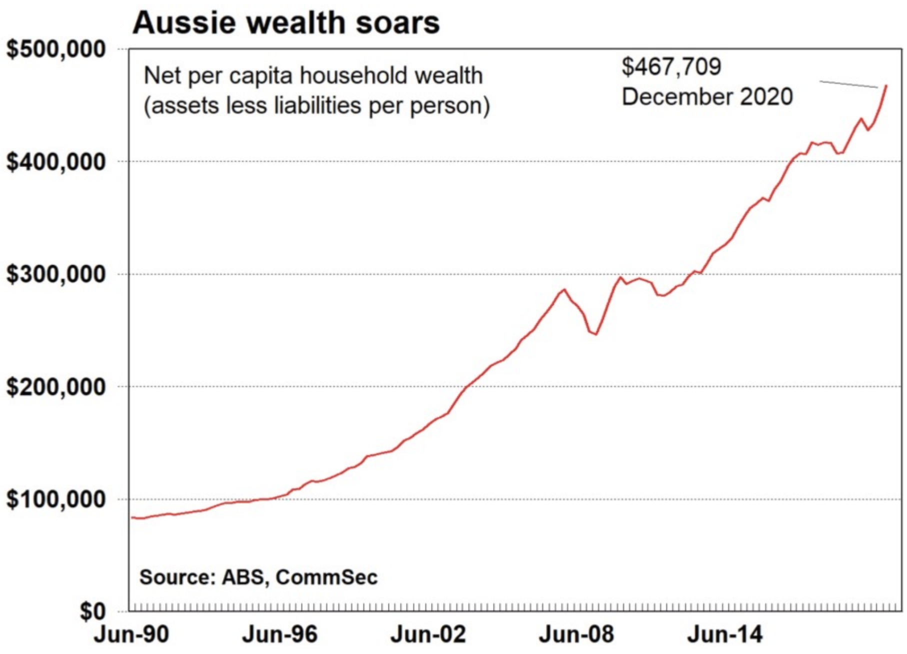
But that's not all.

Because as houses go up in value and we have more money and equity in them, and we've got a reasonably free financing sector (which we do at the moment), we can borrow against that.

And guess what? People will spend more money. They put in pools, buy new cars, they buy another investment property, et cetera. Then that exacerbates and we go round and round and round, and that is the boom cycle of an economy.

So there's a little bit of theory for you.

What's actually happening? Well, here's, what's happening.



Household wealth is now up a pumping 7% on a year ago, despite the worst recession that we've had in decades.

Just have a look at that chart. The last time we had an actual recession was in the early '90s. I don't know whether you remember Paul Keating coming out very famously and saying this is the recession we had to have.

Well, that was the last time we've had one. What is a recession? Well, a recession is two consecutive negative growth quarters. We haven't had two consecutive negative growth quarters since the early '90s.

But we did have one last year and in 2020.

We've had this massive negative economic effect from COVID, but we are now up on what we were this time last year.

So isn't that fantastic? Here's a few other statistics for you:

- 67% are home owners
  - 32% without a mortgage
  - 35% with a mortgage

When we talk about housing statistics here in Australia, you can see that 67% of Australians have a home. Of that 67%, 32% of them don't have a mortgage and 35% have a mortgage.

- 32% are renters; where landlord type are:
  - 26% were renting from private landlords
  - 3.7% from state or territory housing authorities
  - 1.3% from other landlords

- 1.0% are other tenure, including households which are not an owner with or without a mortgage, or a renter

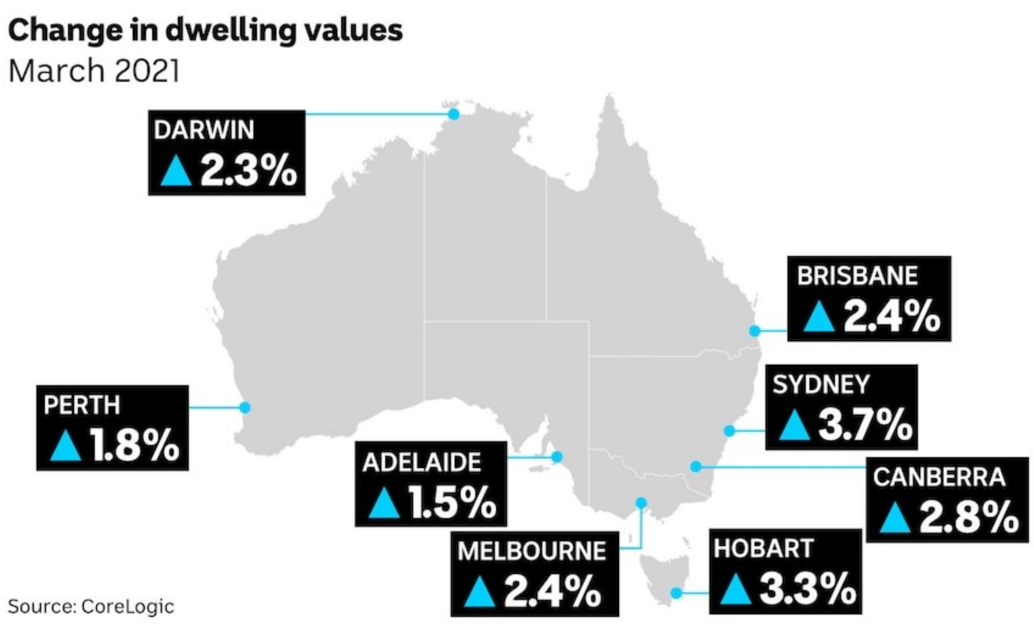
32% are renters of some description, and there's a 1% floating out there considered to be others.

What this means is that as we go through this growth cycle, house prices are going up, which gives everybody more equity. So if you think about it, 67% of the population is now wealthier as a result of this increase in house prices.

A lot of them will use that money and spend more in lots of areas, whether it be into the markets, whether it be back into the property investing, whether it be into, as I say, pools and cars and holidays and whatever else.

A lot of that money is now going to be spent because we are now wealthier. That's an important thing to remember as we talk about this whole economic cycle.

This chart shows you, just how much dwelling prices, which includes houses and units went up in the month of March 2021. So just have a look at this.



This is the percentage change for the month of March 2021.

So we're looking at 2.4% for Brisbane, 3.7 for Sydney, Canberra went up 2.8%, Hobart went up 3.3%, Melbourne went up 2.4%, and Adelaide went up 1.5%.

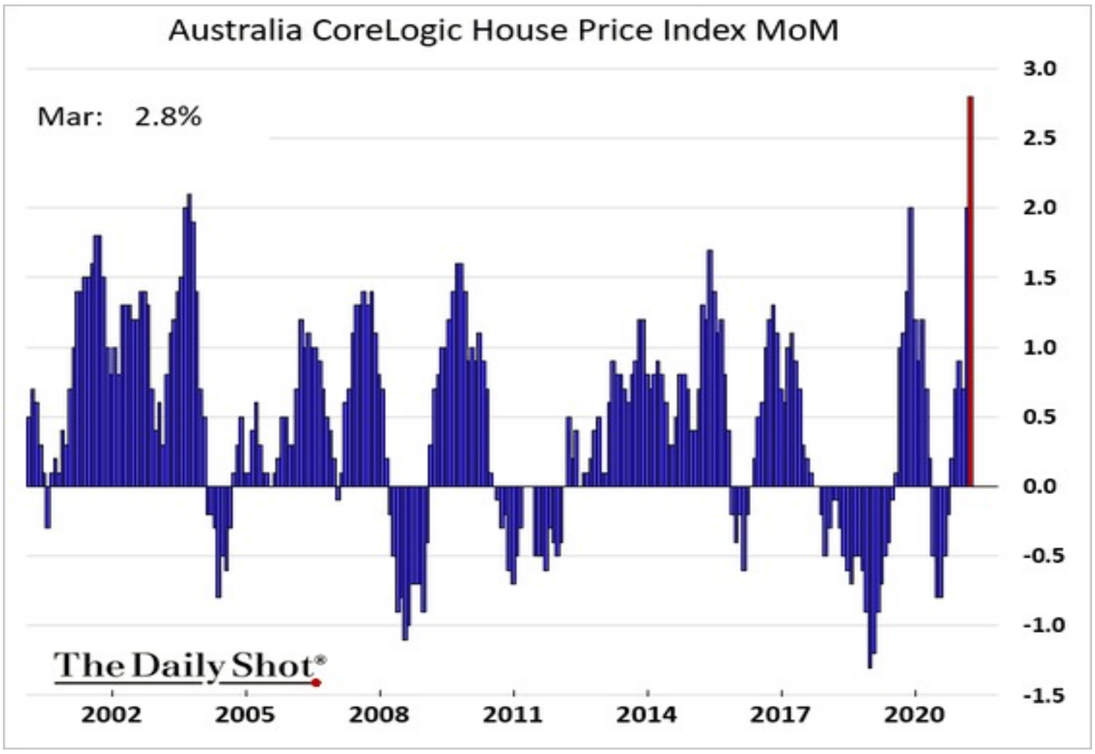
Now just be aware Adelaide barely had a COVID recession as far as house prices are concerned. They just kept pumping along.

Perth. I'm actually surprised a little bit with Perth. It only went up by 1.8% considering it had been down for so long. It's had a prolonged downward cycle, so the upward cycle I thought would have been a little bit better than that.

But if you look at it over the three-month period, it is actually bigger than that. This is the average over the quarter. And then we see Darwin sitting up there at 2.3%.

So every capital city went up significantly and that's only in a month. So this is how much the confidence from a consumer and a business perspective is playing out.

Look at this chart below, that red line there at the end, that is the highest single month change in pricing that we have had in 33 years.



Doesn't that blow your socks? It certainly does to me. That's incredible.

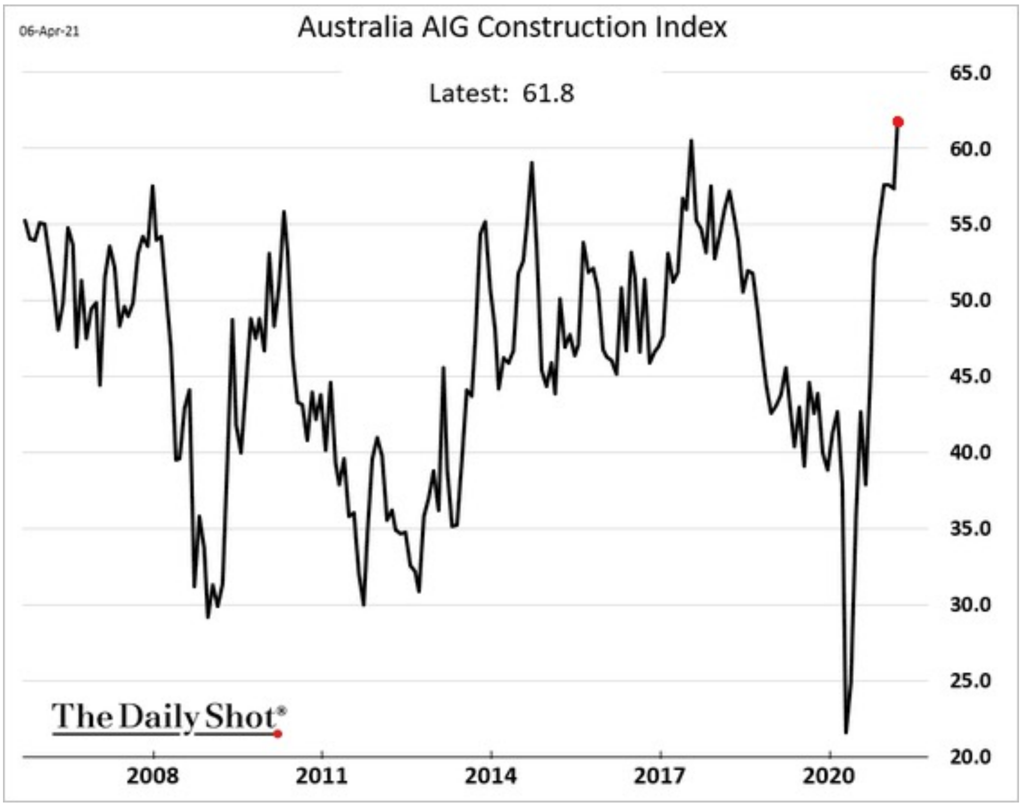
Now a lot of people are going to think, okay, well, how long is this going to last?

Look, in a lot of my training I go through and explain the supercycles.

In fact, I've got an event where I go through the supercycles and what the actual **Wealth Launch Codes** are for the rebound that we're going through right now. I show you what that is.

So if you jump on **my website**, you can register. It's a whole day's training with me and I'll explain the supercycle and what it means and how long this is actually going to last.

So all the details are on my website.



Now, when we have a look at the construction side of the housing sector, this chart shows how dramatically housing has rebounded at the end of 2020 and into 2021.

Now that has been accelerated by government stimulus, because remember we had the HomeBuilder boost. So a lot of people jumped on board to try and get the $25,000 and then it became the $15,000, et cetera. So that's been a massive increase for the construction industry.

And some of you negative Nellies out there who might be thinking, "Oh, well, we're going to go into oversupply with all these new houses coming on board." We actually won't, because we entered COVID in such under supply.

We went through a two-year period, pre COVID where we didn't have a high supply chain.

And the reason for that was because APRA got involved and they restricted lending. There was no point in building all these new houses when nobody could finance to buy them.

Just to give you a little bit of an understanding of statistics and how much this spike in construction actually plays out in the economy, have a look at this.

Here's some statistics.

- **The Property Council of Australia says properties are the nation's biggest industry and largest employer, accounting for 13% of Australia's GDP and provides 1.4 million jobs. More than the mining and manufacturing industries combined.**

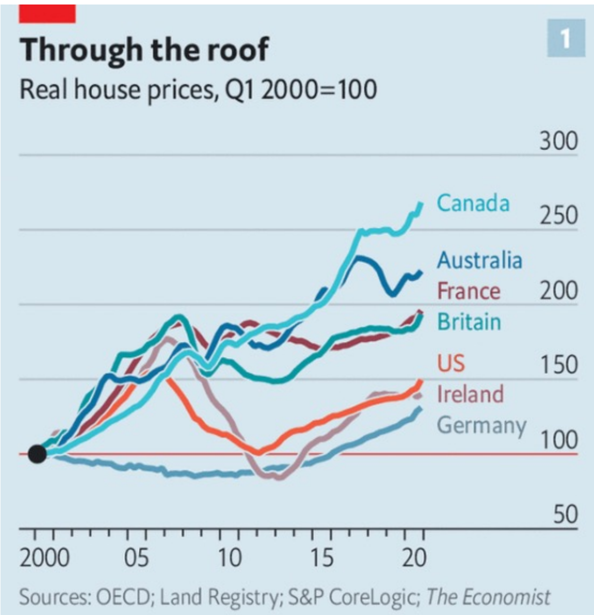
  So you can see how by having an upsurge, as we see here in construction, just how much that is impacting the broader economy, let alone the property pricing and property cycles.

- **The Australian Bureau of Statistics has established that every $1 of residential construction generates $3 activity across the broader economy.**

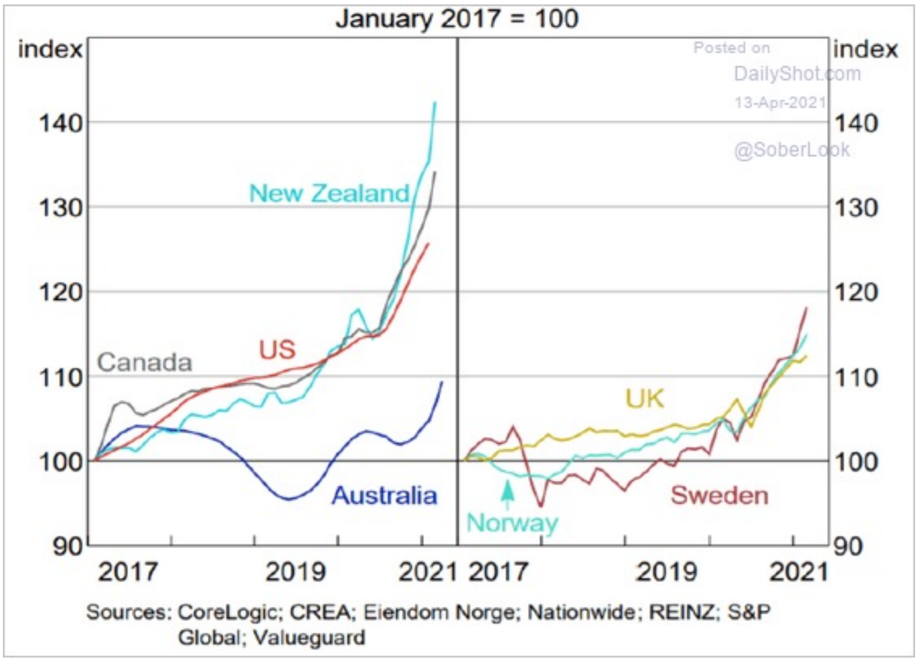
- **Commonwealth Bank estimated that every $1 million reduction in spending on residential construction cuts seven jobs on a full-time equivalent basis.**

So you can see the construction industry is the best way to stimulate the entire economy, because it doesn't matter whether you live in Alice Springs or in Sydney or Melbourne, you have the same ability to pick up on any of the stimuluses that are out there, and that creates the same amount of jobs no matter the location.

So it's a good thing. And the thing with this is, we're not the only country doing this.



When you look at real house prices across a number of countries you can see that we are up there. Our pricing has certainly come up. But they are all going up and this is because we are coming out of this COVID period of time.



This chart above probably shows it a bit better as it starts from January 2017. So just have a look at this chart, you can see here, the low we had in 2019 when APRA restricted lending.

Everyone wanted to do things but couldn't, because APRA got involved and restricting lending so dramatically with the royal commission and everything else that went on.

Pricing went down during that period of time. Then we had that brief upward movement before COVID hit.

The dip in 2020 was COVID and since then we've had the acceleration up.

So when you compare us to other countries like Canada, the US and New Zealand, as well as some of the European countries, you can see we are behind what's happening in those countries.

Even though we live in our little bubble over here and go, "Oh my goodness, I can't afford to buy a house", when you look at us compared to other countries, we are nowhere near where they have gone from a housing price rise perspective.

There's still a long way to go from our perspective.

New Zealand is one to watch.

You see that massive spike up in New Zealand, well a lot of that is in Auckland. I think in January alone, the prices in Auckland went up by double digits – which was off the charts.

But what they're predicting is that Auckland is about six months ahead of Sydney when it comes to house price relativity. So in Auckland prices are rising and creating this massive surge, and everybody expects Sydney and Melbourne to follow.

Will it affect Brisbane, Adelaide, and the rest of the capital cities? Not as much, because they haven't had the downturns that Sydney and Melbourne had, particularly Melbourne.

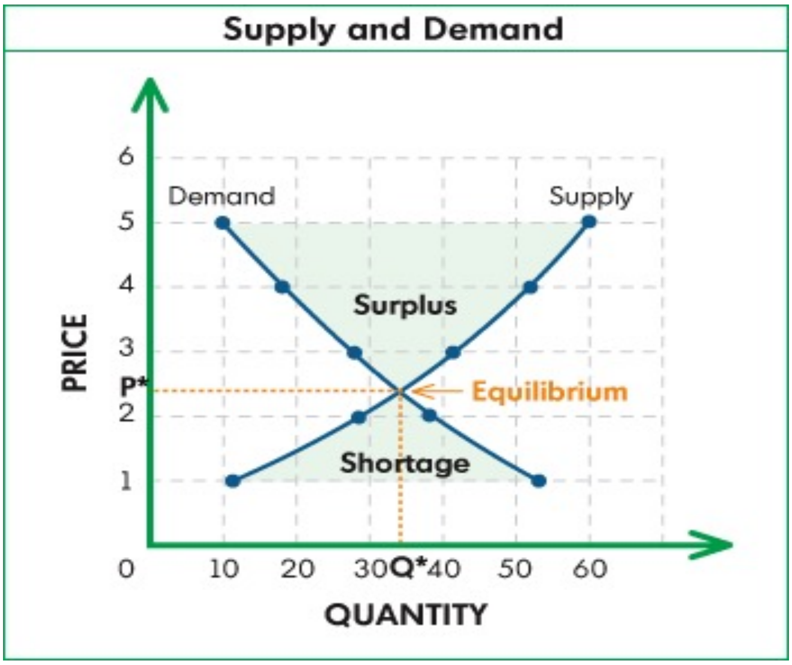
But Sydney correlates very closely with what happens in Auckland. So that's an interesting phenomenon to watch.

You've also got USA and Canada, but they're a long way away.

New Zealand is very close, and people pop backwards and forwards, or have done traditionally.

So those house prices are going to be very, very interesting to watch as the months roll.

Basically everything in economics comes down to demand and supply.



When you have demand higher than supply, we have house prices going up.

When you have supply higher than demand house prices will go down. That's the end of it.

We entered COVID with such low supply and high demand because we had two years of pent-up demand. From 2017 through to 2020 we had pent-up demand. Then we had COVID on top of that.

Now we have even more pent-up demand from millennials and multi-generational housing. Young adults are busting at the seams to move out and actually take positions in the property market.

So we've got a lot of internal pent-up demand.

Now, there's also a huge amount of interest in Australian properties from overseas. What we're going to see, is as soon as we open up our borders, and we open up immigration in particular, we are going to have a second wave.

So right now, this wave is being taken up by internal demand and speculation to some degree.

But when that next wave of immigration starts again (and it will because we're going to need their tax dollars to pay for COVID debt), then we're going to have a second surge.

That's what I predict is going to happen.

The Real Reason Most Australians Won't Become Financially Independent

We're actually in a money supercycle right now.

So that begs the question then, "why isn't everybody wealthy?" If we're in this massive supercycle, why isn't everybody benefiting?

I think it's pretty simple. When we look at wealth building and we look at previous periods of history when we've had massive surges in house pricing, a lot of people didn't take advantage of it.

They look at it, "oh, I wish I'd done this", "Oh, I wish I'd done that". Or they might've just owned their home and got some benefit, but not a big benefit.

You see, wealth building isn't for everyone.

For example, if I say, I'm going to buy an investment property, you might get your friends, your family, the people who are closest to you going, oh, but what if the renters don't pay, and what if they trash the place?

Well, you have insurance for that kind of stuff, you do your figures and you buy in areas where there is high rental demand.

At the moment there is a massive, massive shortage of rentals in most capital cities, not all but most capital cities.

So this is the power of education. This is the power of knowledge, because you can research it. You can find this information, you can know with a great degree of certainty whether your place is going to rent easily or not.

But people who come up with these comments are uneducated, they simply don't have the knowledge, or the inclination to actually step up and find out for themselves. They just sit back and whinge.

"What if you invest in shares and the company goes broke? You lose the money." Well, that's what's knowledge is for, that's what education is for.

What if I said I was going to go and start a new business? "Don't you know that most businesses fail within the first five years?" they will say.

This is why most Australians will not become wealthy. They will not invest in themselves. **They will not spend the money to educate themselves.** They will not invest in themselves so that they know what a good property is.

They will not learn that you can do Grid Variance Analysis to determine where you should be investing.

You can do your feasibility studies and work out, within a 10% margin, how much money are you going to make.

Most people just simply will not invest in themselves. So consequently, they sit back, they whinge and they try and drag everybody else down with them. And that is why the majority of Australians will not become wealthy.

Now, I might've just tread on some toes with that and hit a few raw nerves with some of you, but that's the fact, that's the reality of our country.

And unless we stop being a country of knockers and become a country of give it a go, we won't as a nation move forward.

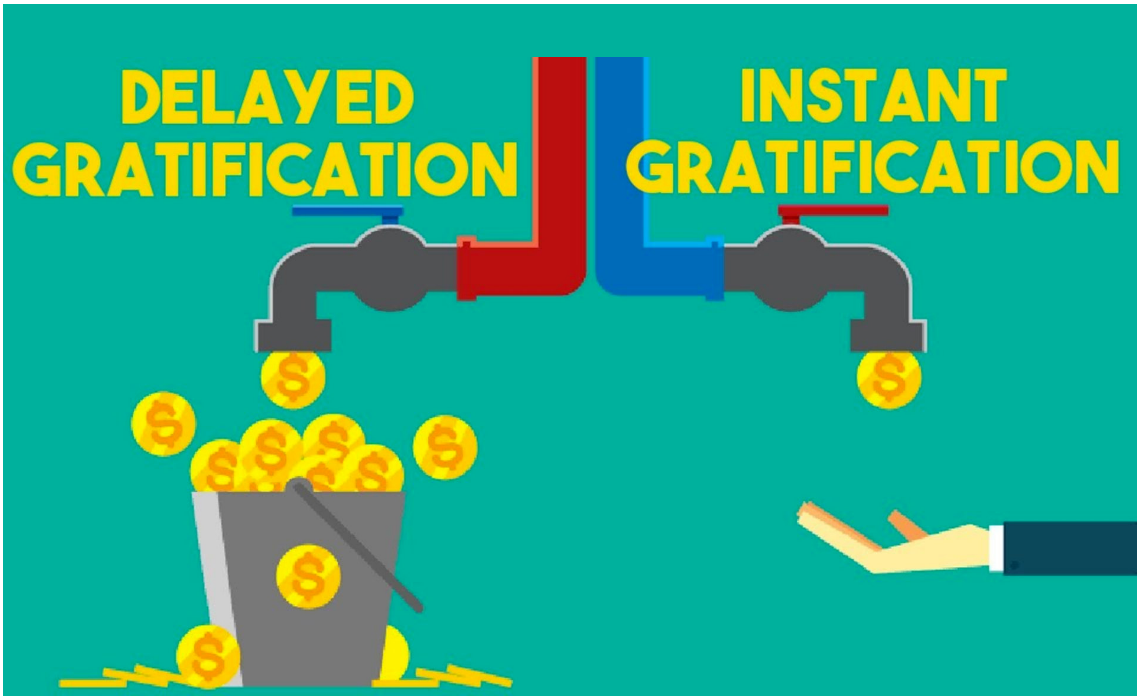
Only the select few who get out there and educate themselves in this market are going to be the ones who succeed.

When you invest in educating yourself, that is the only investment you can never lose. You can never lose by investing in yourself.

There isn't a divorce. There isn't a lawsuit. There isn't anything that can take it away from you.

The billionaires of the world say your first billion is the hardest. After that, if I lost it all, it doesn't matter, because I now have the knowledge of how to do it.

You too could be wealthy. But a lot of people are not prepared to delay gratification.



Delayed gratification is what gives you that money in the future.

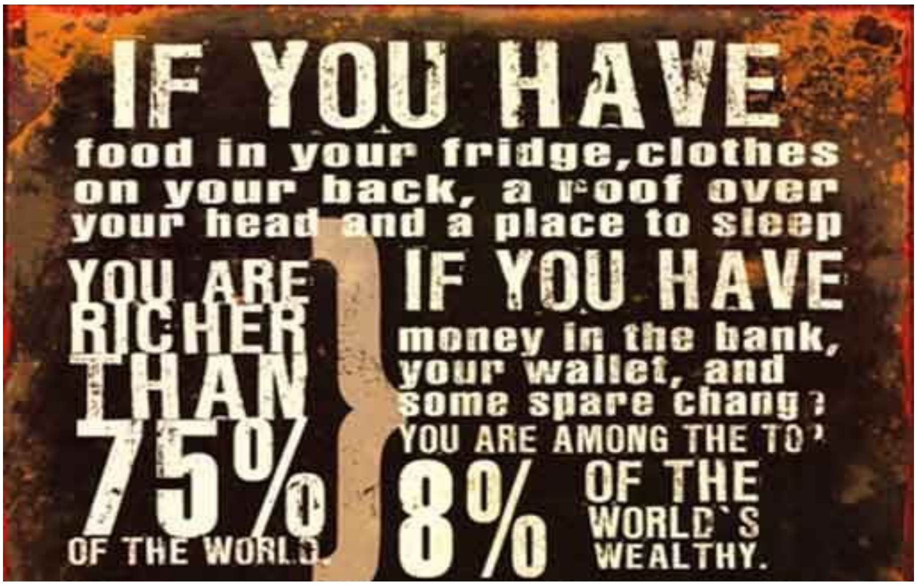
With instant gratification, you get the dollar now but you lose out on many dollars into the future. So it is about delayed gratification.

It is about not buying that brand new car right now, or putting the swimming pool in or any of those things which are luxury items.

It might be about getting out there and buying a positively geared investment property that has manufactured growth potential that'll make you another couple of hundred thousand dollars. Because that would be a better application of your money.

But again, that's where education comes into play.

When we look at Australia compared to the rest of the world, the reality is we are all wealthy. We are.



I was looking at this the other day.

It says, if you have food in your fridge, clothes on your back, and a roof over your head and a place to sleep, you are richer than 75% of the rest of the world.

If you have money in the bank or in your wallet and have spare change, you are among the top 8% wealthiest people in the world.

I was reading some other statistics about some of the poor countries around the world and there was a statistic that said that if you earn $30,000 a year or more, you are going to be in the top 1% richest people in Bangladesh. The average wage in Bangladesh is less than $1,500 US a year.

So we can whinge all we like, but we live in a country where you can make your fortunes, and you can do it in a very short period of time.

The next three to five years are going to be so crucial to your economic outcome. You can pay off your house in the next three to five years, you could replace your income in the next three to five years.

You may never have to work again if you chose to, if you educate yourself and take action on that in the next three to five years. That's the opportunity that we are coming into.

But doing it without education is stupid. Stupid.

You wouldn't wire your house unless you've been trained as an electrician. That would be stupid, most people would agree.

You wouldn't build a bridge unless you've got engineering as your education, that would be stupid.

But people go out every single day and buy property with no education at all.

And they're often buying off marketeers who raised the price $40,000 to $80,000. I heard an ad for one this morning when I was driving to the studio where they'll find you a property. They'll analyse your situation and find a property for you. But they just go to the marketeers and they buy an end of the line product that's $40,000 to $80,000 overpriced, and it's negatively geared.

So it's going to cost you money. There's such a better way than this.

You will only do what you believe you can do. And you are limited on what you believe you can do by your education. Because you don't know what's possible.

What to do?

What I'd like to do now, before I go on with the rest of the masterclass, is to have a chat to you about how I can help you with this.

If you're enjoying the type of information that I'm putting out right now, I'd like to just take a couple of minutes before I talk about the China sanctions and let you know how I can actually help you.

What I'm going to offer you guys is on a limited basis because I've only got limited advisors, but **I'm offering you the opportunity to actually have a 60 minute sit down appointment with my advisors**.

Now, what they're going to do is to help you as to where you're at and where you need to go.

They're going to have a chat to you about your goals, your dreams, your aspirations, and what you want to achieve.

Because myself and my team really recognise that these next few years are going to be very, very crucial to you, so you really need to be stepping up.

You need to be maximising your circumstances over these next few years, because, think about it, in somewhere around three to five years, you could have your income replaced. You could be debt-free on your mortgage.

You could be in a situation where you never have to work again a day in your life if you don't want to. Not that that's the end game, but it's about being in a position where you are comfortable so if anything should happen in the market or anywhere else, you're safe, and if there's anything that COVID has taught us is we need to be safe. We need to have buffers. We need to have a passive income that if our job goes tomorrow, it doesn't matter. We're safe. We've got everything sorted.

In that 60 minute advisory call ... I'm calling it the **I Love Real Estate Breakthrough Session** (I thought that was a great title) ... they're going to talk to you about where you're at, where you want to go, and perhaps some of the things that you can do to actually accelerate your circumstances and how we can help you in that.

You can then make a very clear decision, an informed decision, intelligent decision about you, your future, and what it really looks like for you and what it means for you.

There's only a handful of them there. I don't have unlimited advisors.

You can make an appointment with one of my advisors and let's get you sorted. Let's get you on a path to replace that income and start to build a sizable wealth portfolio, because what's happening in the market right now is extreme.

And if you miss this period of time, you're going to be waiting a very, very long time before you're going to see this kind of opportunity again.

Fortunes are going to be made in the next few years, but you need to be ready for it and you need to be informed. You don't want to be buying the wrong kind of property.

There's a whole lot of crap out there that I see slushing around the market, but if you buy that sort of thing, you're going to be held back.

You're going to be jeopardizing the opportunity that's actually there for you, and that's why we want to help you guys.

Take up my offer to have a coaching call.

If you want to take up one of the I Love Real Estate Breakthrough Sessions, currently you can right here, right now by going to **www.iloverealestate.tv/questions**

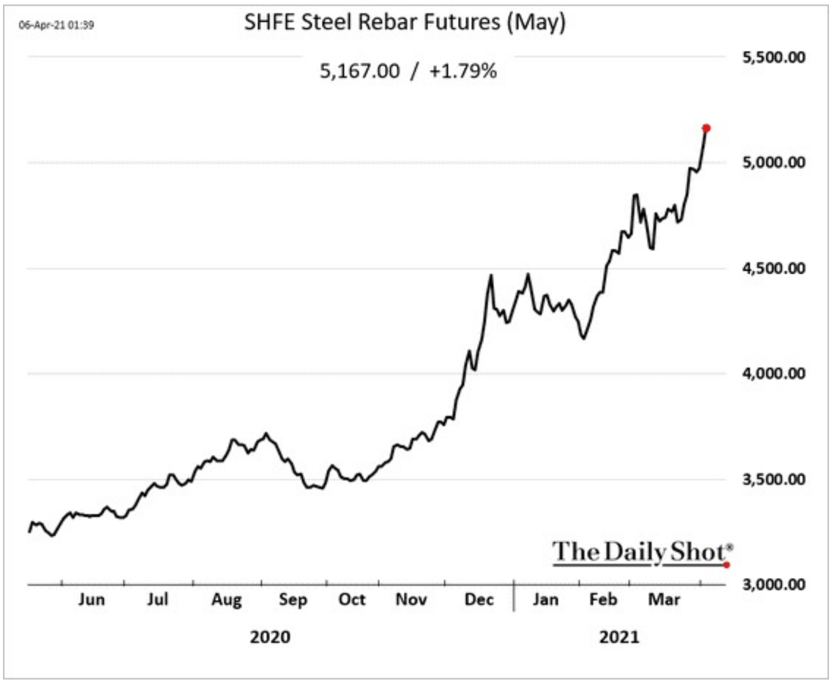
The advisors can help you understand where you're at, where you want to go and what action you can actually take to get there.

Hope you take me up on one of my advisors' appointments for a I Love Real Estate Breakthrough Session.

OK. Let's get back to the masterclass.

How Our Recovery From The China Sanctions Is Snubbing China's Bullying Tactics

I want to talk about the China-Australia trade war that's going on. Now, I must say this. This is not a people to people thing, it is a government to government thing, okay? So let's have a look at what's happening in commodities.



When we look at the steel futures pricing for China in the graph above, we see the steel pricing is going up.

Why would that be the case when they're not going to buy it from Australia?

Well, they're still buying it from Australia because they simply cannot get iron ore elsewhere in the quantities or the quality that we have in Australia.

They've also put an embargo on our coal.

But what they're finding is that the coking coal that they're getting from other sources, which they need to burn in order to make the steel, is nowhere near the quality that they'd been able to get from Australia.

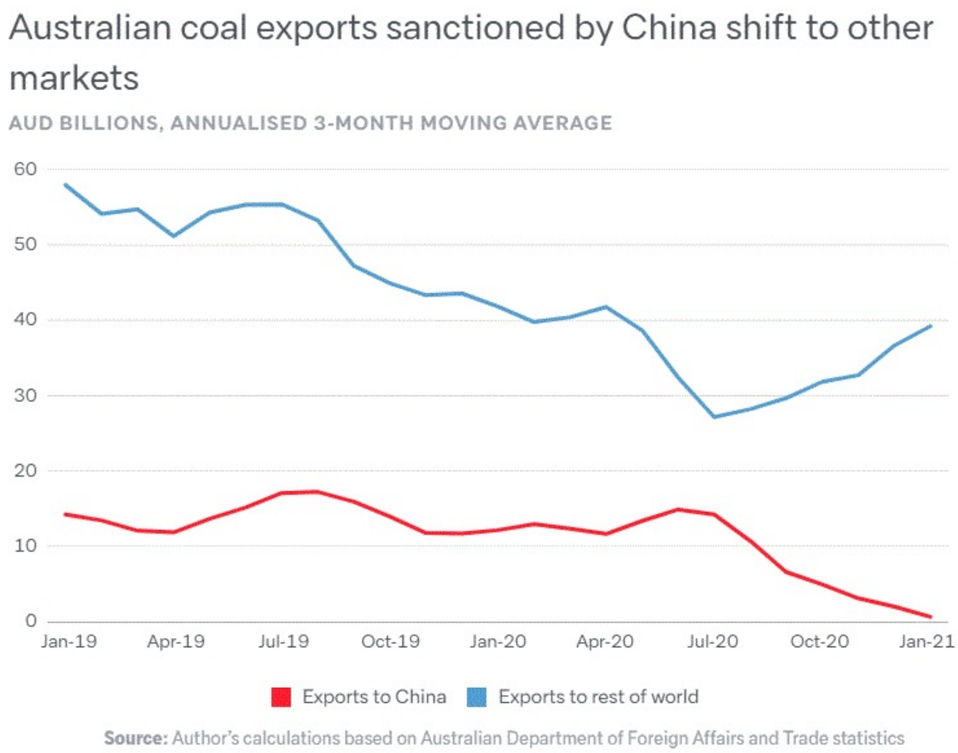
But here in Australia, we are just diverting our markets.

For example, if China decides they're not going to buy coking coal from Australia anymore, well, the country they decide to it buy from, whoever that country was previously selling to, that third country needs to find a new supply line.

And that's what's happening, Australia is now selling to those markets.

On top of that, this little fiasco between Australia and China is actually raising the world pricing.

So China is cutting off its nose to spite its face, right now. Well, that's my opinion.



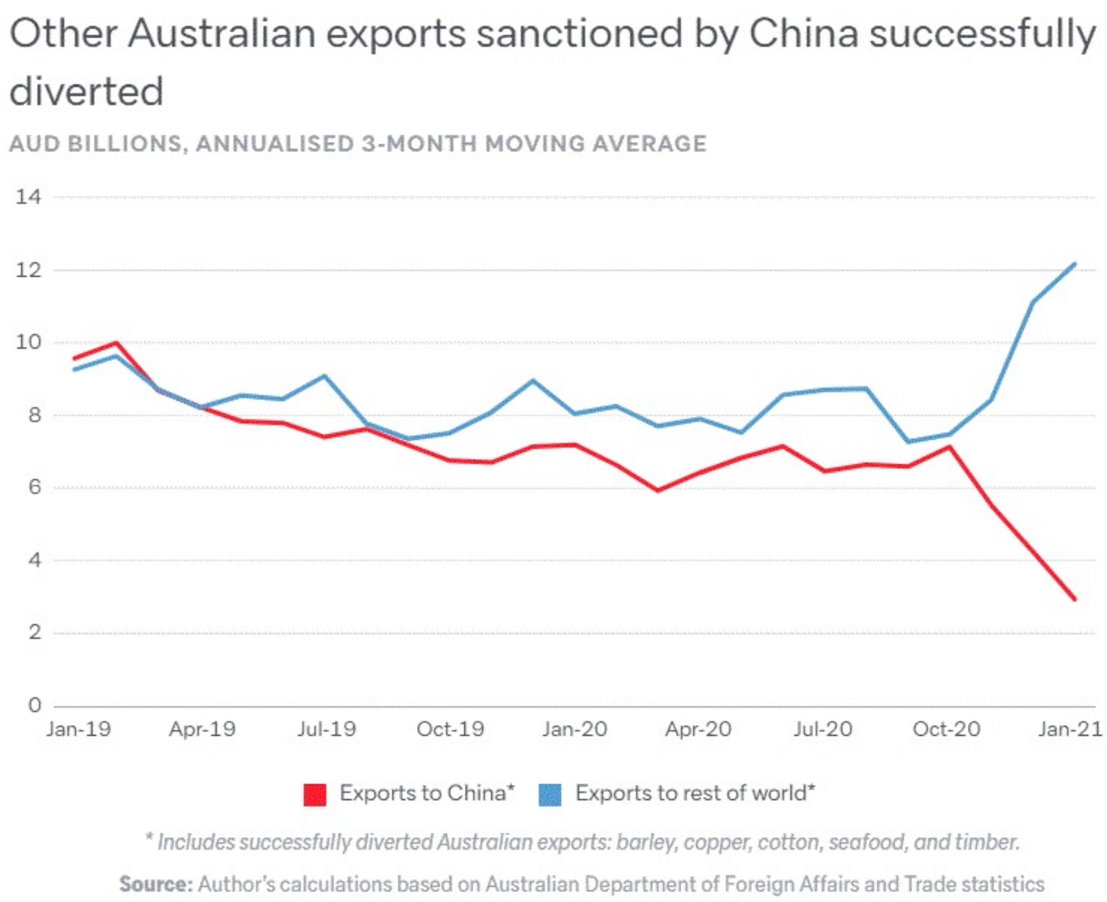
When we look at our exports, we see the drop in coal exports to China and how we've been able to shift to other countries.

From last July our exports of coal to China have dropped, but look at our exports elsewhere. Basically mirror images, they're mirror images of what we've been able to accomplish.

So this upturn is a good thing, it gives us diversification. There's a lot of other countries like India and Indonesia particularly, who are now reaping the benefits of our very, very good quality coking coal.

Even though places like India have got their own coal, it's such low quality they actually have to mix it with ours in order to be able to get the quality of steel they need.

So, that's a great thing.



This is other exports.

China made a big hullabaloo about lobsters and wine and cattle and whatever else. Too bad, so sad. Look at what we've done elsewhere. Again, these are virtually mirror images of each other.

So you can be the negative Nelly. "The company is going to go broke, don't buy shares in that". "No, the renters won't pay, don't buy an investment property". "No, don't go into a business because they're all going to go broke within five years".

You can be that person. But you won't succeed if you are that person because you'll never take action, you'll never invest in yourself to get the education, to know what to do, and to give you certainty around your outcomes.

So if you want to dwell on the negativity of what's going on with the trade sanctions, and what about this, and what about that, et cetera, et cetera, well, you can be that person.

But that person doesn't succeed in the long-term. That person won't be able to pay their home off in the next three to five years. That person won't be able to replace their income in the next three to five years.

Now, you can be that person or not, it's your choice. And the differences between the two, the bridge between the two is investing in yourself, invest in your own education so that you don't make uneducated, unintelligent decisions or stupid comments about all the things that could go wrong.

Yeah. We can have an asteroid hit us tomorrow. We'll be dead. Yes, that could happen. Do we focus on that? No, we get on with life and we make things happen.

So a quick recap of what we've covered.

- First of all, **Australia is really well placed on the global scale economically**, both from a housing sector, from a growth perspective, from a GDP perspective, from a COVID perspective, from everything (except for vaccinations, but there's two sides to that story, too).

- **What you do in the next few years will change your family's fortunes forever.** That is true. Next three to five years are going to be very, very crucial for you.

- **China's sanctions are basically just a ripple in the ocean, and most of the commodities traded have been replaced elsewhere.**

- **And you are your only limiting factor, but you can do something about that.** You can change your limiting beliefs. You can educate yourself. The more you know about anything, the better decisions you're going to make, the better results you're going to get, the less fee you're going to have, the more you'll be able to break through any limitations that you have.

I hope you enjoyed that. Now, don't forget to book a 60 minute **I Love Real Estate Breakthrough Session** with one of my advisors.

They are free. There is no cost for them.

See what you can do proactively to take advantage of all of the massive upswing that we're seeing in the market right now. This is the biggest upswing we've seen in decades, and I'm telling you, you don't want to miss it.

The place to go to get one of those appointments is **www.iloverealestate.tv/questions/**

Get a free 60 minute advisory **Breakthrough Session** and let's break through and start to get some serious traction in the market that we are in right now.

I hope you are enjoying my Intelligent Property Investor masterclasses.

I encourage you to go across to my website **www.iloverealestate.tv** and subscribe to my weekly updates. That way you're going to get these coming out to you every single week and so you'll always be on top of the latest information.

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Yours in success,

Dymphna Boholt