

Getting Started with Real Estate Investing

Does investing in real estate seem like a way to get those millions you've always dreamed of? Or, does it seem like something the other guy does and is outside the realm of reach for you? Depending on who you are, what skills, you have, and how much time and money you have to invest, real estate investing may not be all that impossible for you to embark upon.

In general, real estate investing is different from buying a home. It can be categorized as one of two types:

- *Quick Return on Investment* in which you buy, repair, and sell. This can be either an "under valued" property which can yield a small profit, or a "fixer upper" that you can renovate and sell for a potentially large profit.
- *Income Rental Property* in which you buy, rent, maintain, and keep. This can be any type of property – single family home, apartment building, or commercial space, that can give you regular, continual income over an extended period of time.

IS THIS RIGHT FOR YOU?

Your time and money are going to be important factors in this process. However, the reason why you're embarking on this undertaking is a vital element. Ask yourself the following:

Why am I doing this? If it's because you saw a late night "infomercial", then that's probably not a good reason. (When was the last time you picked up a paper and all of a sudden had a check for \$5000?) Make sure that this type of investment is the right type of investment for the goals you want to achieve, and based upon the amount of time and money you can contribute.

If you're doing this because you want to buy a rental property, then first try getting a job as a resident manager or an apartment building manager to get a taste for what this type of management is like. Also, consider becoming a real estate agent so that you can get a feel for the business, and some experience with how the market works, and how buying/selling property works. (If becoming a real estate agent is too big of a jump, consider working for a real estate company that handles the type of real estate you're interested in – residential or commercial.

What are my goals? In most cases, you'll give the standard "I want to make a million dollars." (Well, don't we all.) But, how are you going to make that million dollars? A simple method of setting a goal is to make a list of exactly what you want to buy with the money you're making. For example, do you want a nice home, a special vacation every year, a boat, funds to pay for you (or your kids) college education, etc? Once you know your goal, attach a price tag to it. This will help you determine how much you need to make as well as in what time frame. Then, you can make the decision as to whether you need short- or long-term investments. *More about this is discussed below.*

Do you have sufficient knowledge? You can't go out tomorrow and become a brain surgeon unless you've studied to be a brain surgeon. Real estate is no different. You'll have to understand the terms, learn how to do research, become familiar with legalities, etc. Make sure you're prepared to do this. While you would think there are hundreds of good books to read on this topic, there actually are not – probably because anyone who's being successful isn't going to want to tell you their secrets! So, hands-on training is the best knowledge you can acquire. Check with local associations and see what they might offer. Or, call a real estate agent who specializes in investments, and ask him/her to share some advice. The one thing you absolutely want to avoid is anything that sounds too good to be true – e.g., those late night infomercials that will sell you tapes about how to "get rich quick." And, give yourself about a 6-month head start before making your first purchase.

Are you the type of person for this type of venture? As we've already mentioned, real investing takes time and money. Plus, it involves a set of skills that you may/may not have. For example:

- **Are you a "people person"?** If you're not, then be prepared to pay someone else to do the "human intervention" for you!