

How to Invest in Real Estate – Here's What you Need to Know

Diversifying your portfolio with a real estate investment can be a great way to solidify your retirement income or create monthly cash flow. There's no better time than today to invest in real estate, especially with the low mortgage rates available.

If you've never invested in real estate before, here's what you must know.

Figure out your Strategy

First, think about why and how you want to invest in real estate. If you're looking at residential real estate you have two options:

- **Fix and flip** – If you buy undervalued properties and fix them up, you can turn them around, selling them for a profit. Most fix and flip investors have some experience investing in real estate, though, since it's a lot of work and requires more capital to fix the property up and sell it usually within 6 months.
- **Buy and hold** – If you find properties in good condition (or at least decent and you fix it up), you can rent it out and earn monthly cash flow. As the homeowner, you're responsible for the property taxes, home insurance, and home maintenance, but you can offset the costs with the monthly rent you bring in.

Save Money

Most lenders require real estate investors to put down 20% - 30% on the home. It sounds like a lot, but in the grand scheme of things, it's a great way to leverage your investment by investing in something worth a lot more than you put into it.

For example, if you buy a \$200,000 rental property, you may need \$40,000 - \$60,000 down, but you have a \$200,000 investment. If you rent it out, you'll make money monthly, offsetting your operating costs. On top of it, when you sell the property, you may earn a profit on the difference between your loan amount and the sales price.

Find Properties

The key to investing in real estate is finding the right properties. It takes more than perusing the internet and checking out available homes. You need to know the neighborhoods, the size of the rental market, and the financials of the property.

When you buy a home as an investment, you want to make money on the transaction, which means investing in an area with high demand for rentals, high enough monthly rent to offset your costs and an area that homes generally appreciate through the years.

Work with an Experienced Real Estate Agent

The key to buying investment properties is working with a team of professionals who understand what you need. An experienced real estate agent is the key to finding the right properties – the properties that will bring in the cash flow and appreciate over time, so you have decent capital gains and reach your financial goals.

If you're thinking about investing in real estate, let's connect. I'll help you see the options in your area and how to analyze whether the properties fit your financial goals for real estate investment to help you earn the largest profits.