18 Ways New Real Estate Investors Can Succeed In 2018

Forbes Real Estate Council CommunityVoice
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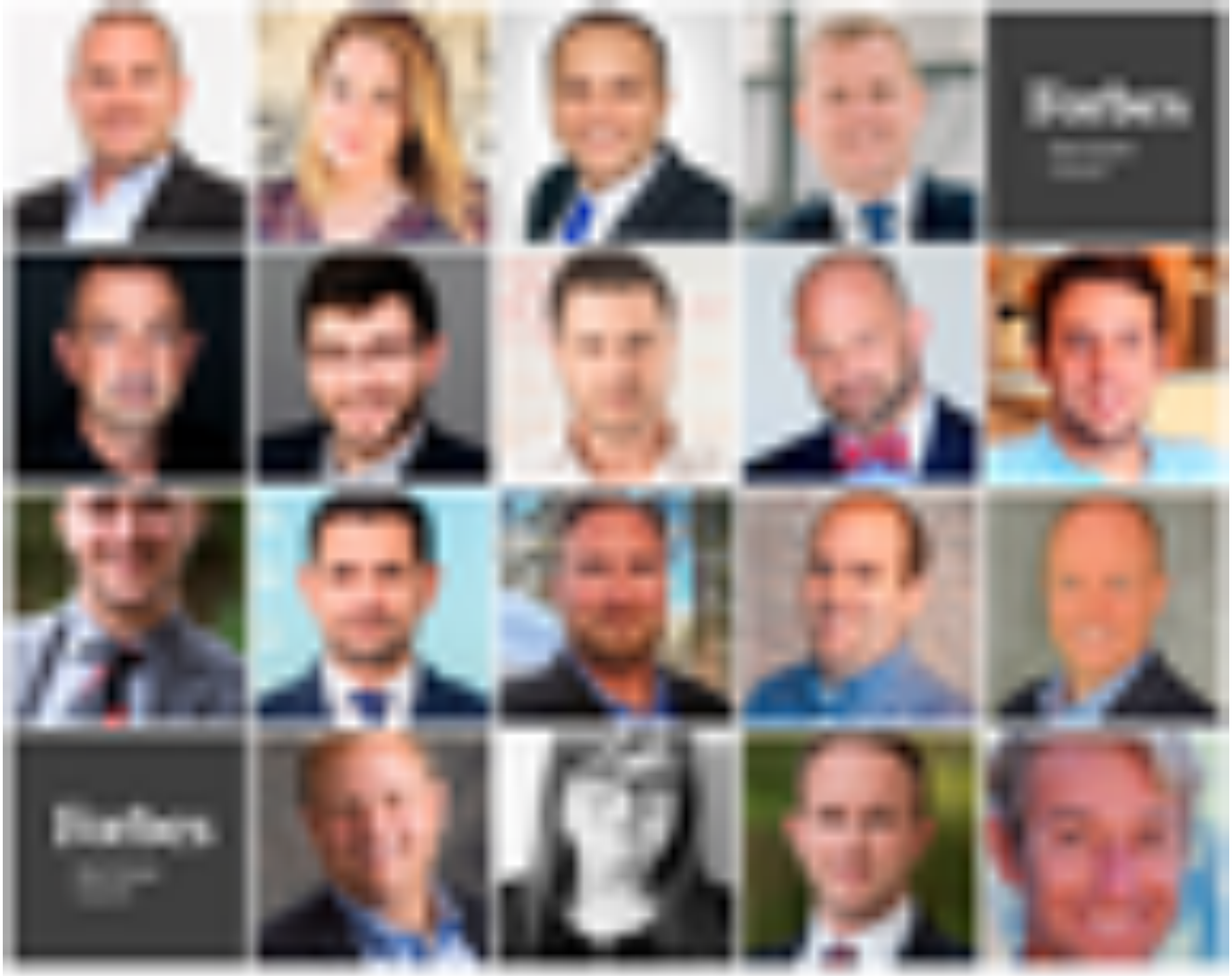
Forbes Real Estate Council

Successful executives in the real estate industry from Forbes Real Estate Council share firsthand tips & insights.

Real estate investing, in all regards, has changed over the years. The techniques that worked for an investor 10 or 15 years ago will most likely not work in 2018. Investors are constantly learning and evolving their practices to reach new levels of success.

Below, 18 members of Forbes Real Estate Council share advice with newbie real estate investors to help them find success in this new era. Here is what they recommend:



Get the best tips from the best in real estate. ALL PHOTOS COURTESY OF FORBES COUNCILS MEMBERS.

1. Network!

The more people you meet, the more real estate networking meetings you attend, the more contacts you make, the more likely you will be to succeed. Build relationships and you will be successful, but it's not easy and its not overnight. Don't give up too quickly and don't believe its as easy as it appears on TV.
- Timothy VandenToorn, United Properties of West Michigan

2. Buy Your Personal Property First

Buy your own property to live in first, because financing is easier (less down payment and better interest rates), you need a home to live in, you get the best tax write-offs and then you can move up to a new home in a year or two. Then rinse and repeat, keeping that first property as a rental. Then buy the next owner-occupied home with a low down payment and a good interest rate. - Jennifer Myers, Agent Grad School and Dwell Residential Brokerage

3. Watch Those Expenses

Don’t underestimate expenses, especially when purchasing older single family rentals. Hidden rehab costs can quickly mount. Ongoing capital repairs and maintenance are a cost of doing business, and must be borne by the owner, not the tenant. The time it takes to turn over a rental and find a new tenant can add to repair costs and mean lost rent. This can add up to ROI far below expectations. - Alex Hemani, ALNA Companies

4. Don't Underestimate The Power Of The Market

Depending on what type of investing you are talking about, don't forget that market moves will change demand and prices drastically, regardless what you do as an investor. Make sure you are investing with long term capital and focused on cash flow or returns. - Michael Harris, CRE Models

5. Set Reasonable Expectations

Know what you are getting yourself into. Investment properties are all the rage right now, but it’s not an instant moneymaker. Set reasonable expectations for the property you are investing in. These investments can often be time-intensive and costly ventures. Be prepared to shed a lot of blood, sweat and tears for the property, or pay a management company to do the work for you. - Joshua Hunt, TRELORA

6. Real Estate Analysis Isn't As Complicated As You May Think

Many believe the level of analysis actually completed for deals is more comprehensive than it really is. Real estate investment decisions are still heavily driven by rules of thumb and gut instincts, which can be pretty shocking to new analysts. As real estate technology and automated analysis software become more adopted, analysis will become more sophisticated. - Marc Rutzen, Enodo Inc

7. Leverage

Time and time again I've seen beginners taking the easy way out by using leverage to purchase properties. This is wrong and risky. The myth is you don't need leverage to make money. You can make more money with less risk by being patient and using your own cash. - Engelo Rumora, List'n Sell Realty

8. Stay Focused On Your Strengths

I often see people get good and profitable with one model, and then do something they may not even realize is outside that model. Define narrowly your core and get amazing at it. If you want to wholesale, do that. If you're building a portfolio, focus on just that. Don't try to do it all! Be great at what you are doing and make hay while the sun shines. - Mark Bloom, NetWorth Realty

9. Put Numbers Over Emotions

Fear and greed are the fuel behind too many failed investment decisions. Do not invest with your emotions. Research all the costs of an investment — not just yield and CAP rates. Look at vacancy cost, maintenance prices and tenant risk profile. Be rational about your own risk tolerance and consider these costs as potential impacts on your cash flow. You'll be more confident in your decisions. - Chuck Hattemer, Onerent

10. Get All The Tax Benefits You Can

Purchasing an investment property before owning your primary home is more often than not the wrong thing to do. Not only because you'll still be wasting your money in rent, but because you'll be also missing out on the huge tax incentives for primary homeowners. - Lucas Pinto, Lucas Pinto Real Estate Group, LLC

11. Be Flexible And Hone Your Craft

Like many other industries, real estate is dynamic. If you do not have sufficient investment experience, find your appropriate degree of conservativism. It is important to understand each asset class and their intricacies. Assume that work, life, and shopping habits can always change. Be flexible as real estate will always adapt and thrive, but many investors will not. - Juan Zaragoza, Exan Capital LLC

12. Work With People You Trust

Only work with people you know and trust. This is not to say work with your friends and family. The point is to be fully confident in the critical people you will rely upon, such as your banker, your co-investors, your broker, your developer, your general contractor... truly, relationships are everything - Garratt Hasenstab, The Mountain Life Companies™

13. Consider The Rental Market As A Long-Term Investment

While flip and sells are often glamorous on TV, they may not be your best investment rolling into 2018. With the millennial generation renting for longer, consider investing in properties that you can profit from as rentals, rather than just a flip and sell. - Sarnen Steinbarth, TurboTenant

14. Learn How To Spot A "Deal"

Know your market to know a “deal.” When we began, it took an hour to analyze a deal. We studied 20 per day, 140 per week and it was a grind. Three months later, we knew the neighborhoods, and it took only a minute to see a “deal” in a profile. The process will become automatic. Computer models can spit out numbers, but until you understand your market, those numbers can’t identify a true deal. - Brian Lawton, Property Revival Realty

15. Have Patience

Don’t be in a rush. If the opportunity is on a deadline or seems too good to be true, then it probably is. Patience and attention to detail will reap bigger returns over the long run. - Cris Burnam, StorageMart

16. Focus On Net Yield

Make sure you work up a realistic net operating income for any potential investment. Focus on all expenses, including sources of capital and operating costs. While potential appreciation or improvements that can be made are important factors, keep in mind that if the investment carries a net positive yield on its own, you will be able to weather market fluctuations and still hold the property. - Beth O'Brien, CoreVest Finance

17. Pay Attention To Market Cycles

Both new and seasoned investors should pay close attention to market cycles. All markets are cyclical and often the excitement of investing in an asset class is sparked by word of mouth. The most hype in any market is near the top of it, so evaluate what the market is doing before buying anything. When your research tells you that you are buying low and the future market outlook is positive, buy. - Mario Dattilo, Real Estate Acquisitions USA, Corp.

18. Don't Limit Yourself

When starting your search for the right investment property, you may be inclined to look close to where you live. But the market that's right for your investment goals may be in another state or region. Do some reconnaissance and take advantage of innovative solutions breaking down geographic barriers to real estate investing, and discover a growing number of opportunities. - Gary Beasley, Roofstock

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