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6 pro tips for first-time real estate investors looking to make a change

The real estate industry has remained remarkably stable during the pandemic, prompting some Americans to turn to investing. Veteran investors shared their tips with Inman



Image by: Brooke Lark / Unsplash

BY [LILLIAN DICKERSON](#) | Staff Writer

Today 4:00 A.M.



During the uncertain times of the coronavirus pandemic, many people who never thought of changing careers are suddenly reconsidering their options. [Unemployment](#) claims have surpassed 40 million, and many Americans are hurting.

However, the real estate industry has remained remarkably stable during this time compared to many other industries. Therefore, one option Americans might turn to now in the face of national change is real estate investing. Investing can be more hands-on or hands-off as the individual investor desires. In order to succeed and give yourself some financial support, even during economic uncertainty, here are some tips from a couple seasoned pros.

Consider the type of property, as well as location, and

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any associated rules before you commit

If you plan to rent out an investment property — particularly if it's part of a complex with an existing management company — make a list of pros and cons about the building's regulations.



Karina Sagiev

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“There are types of buildings [like] co-ops and condos, and they have different restrictions on whether or not you can have unlimited rentals,” Karina Sagiev, owner of Evans Real Estate Investments, told Inman. These properties also might have a minimum length of rental term for tenants, which you’ll need to keep in mind.

However, full service buildings may be easier to operate in in some ways because of the extra staff on hand. “Usually those types of larger buildings will have full staff that can attend to many of the issues,” Sagiev said.

“Regulations are very different city to city and state to state,” she also noted. Keep the rules in your jurisdiction close at hand for reference to avoid any regulatory issues.

Think about what kind of investment you’re striving for



Mark Ferguson

Review your goals for investing and determine where you want to get in what time frame. “Set goals for what you want to accomplish in year 1, 3 years, 5 years, and even longer,” [Mark Ferguson](#), founder of educational investing website Invest Four More, told Inman. “Be as detailed as you can with how many properties you want, how much money they will make you ...”

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Don't bet on market appreciation alone, but bet on neighborhood or area appreciation with more confidence, Sagiev advised.

“My favorite is just a block away from a great, expensive area,” Sagiev told Inman, with the hope that that investment property will eventually be

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incorporated into the neighborhood in future years.

But also don't go out on a limb when it comes to purchasing property in unstable areas.

"Don't buy on speculation," Mike Hills, vice president of Investment Brokerage at Atlas Real Estate, told Inman. "If you're gambling, go to Vegas."

Go with long-term fixed-rate financing

"Have good long-term fixed-rate financing if you're going to use debt," advised Hills. "Avoid adjustable rate mortgages, avoid interest-only."

This type of financing is more stable — a plus for beginners — and often offers the best rates. Keeping that in mind, it also might be helpful to live in an investment property for a few years while getting your feet wet.



Mike Hills

"Do not be afraid to start with a house to live in," Ferguson said. "Buying a house to live in offers the lowest down payments and the best interest rates. After living in the house for a year, you can then turn it into a rental property or you can live in the house for two years and sell the house and pay no capital gains taxes, in most cases."

Find a mentor

"Find a [mentor](#), someone that you can trust that is willing to coach you," Hills said. "An expert that walks the walk."

Having someone who's been through it all before to act as a sounding board will be a valuable source of encouragement and knowledge as you're just getting started in investing.

Make sure you have a passion



Laura Alamery

"One of the things that I see from the students that come to me that are successful over the years ... [is] they're very focused," real estate coach and investor Laura Alamery told Inman. "They want this really, really bad. There is a drive behind it where it's basically a do or die situation."

Alamery said a lot of people in the industry try to sell investing by saying it's easy or anyone can do it, but that's not really the case. In order for it to become easier over time, new investors need to be willing to work hard, and work consistently on their investments during a portion of every day.


"Having the consistency ... That builds the mental focus and builds the momentum," Alamery said.

"This is not a hobby; this is a business."


Don't be afraid to reinvent yourself

"We saw over the last few months how things drastically change in the industry and everything else," Alamery told Inman.


During uncertain times, be prepared to shift gears and try something completely new.




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“So, you have a choice,” Alamery said. “You drop out of the business like a lot of them did, or you **reinvent** yourself and come in even stronger.”

But, Alamery noted, it’s also best to keep things simple. A simple, methodical investing business helps keep you focused and makes it less easy to become overwhelmed.

“Don’t make it too complicated,” Alamery advised.

Email Lillian Dickerson


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