

Millennials Investing Into Real Estate

A True Story by Talia Ramos

Q: What preconceived ideas did you have about real estate investing that turned out to be false?

A: That it was easy! Everything factors into your investment: construction costs, your real estate broker, season/weather conditions, neighborhood gentrification, but more importantly, time. I think most beginner investors assume it's a quick process, but when purchasing distressed homes, REOs or foreclosures you have to always consider the worst case scenarios.



Q: Do you find real estate investing beneficial?

A: Owning and keeping a piece of real estate is very beneficial for anyone. If you plan on repurchasing another investment home, you can utilize your current piece of property as equity for a better rate on a loan. With fix and flips, the goal is to always make money. The positive is taking a piece of land or property that was worth a smaller amount of money and transforming it into livable product for a family or individual to enjoy, and sell it for money than you purchased it for.

Q: Any important aspects to be aware of?

A: The real estate investment market moves in a different cycle than the leasing market. On the demand side of the investment market, there are investors who have capital to invest in real estate. The supply side consists of properties that are brought to market by their owners. If the supply of capital seeking real estate investments is plentiful, then property prices increase. As prices increase, additional properties are brought to market to meet demand.

Although the leasing and investment markets have independent cycles, one does tend to influence the other. For instance, if the leasing market is in decline, growth in rents should decrease. Faced with decreasing rental growth, real estate investors might view real estate prices as being too high and might stop making additional purchases. If capital seeking real estate decreases, then prices decrease to force equilibrium. Be aware of the stage of the market when you are making your purchase and consider how the property will perform as it moves through the cycles.



Q: What's the one thing you wish you would have known before doing this or one thing you would have done differently?

A: Do your research before hiring ANYONE. It's the biggest piece of advice I can offer. I wish I would've researched industry standardized pricing on construction materials and cost. One of the largest and critical aspects of flipping is the construction work and finishes that are placed into the home. Utilizing modern finishes always makes the asset easier to sell/rent or cater to the client. There have been times where I worked with construction companies that have taken advantage of me on pricing, but they only did so because, at that time, I was not researching cost of material. People considering investing into real estate have to take the time to build relationships-know and trust the team you are working with.

