

# Investing in Real Estate



Ray Thomas  
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Real estate investment is one of the most rewarding forms of investment today. Yet just like any other method of investment, it has some risks associated with it especially when one is negligent in taking the time to educate themselves about the real estate market before deciding on becoming an investor. When making the final decision to become a real estate investor, it is important to take certain precautions to avoid making careless mistakes that can result in the loss of what was invested. Knowing the most common mistakes made by real estate investors helps one steer away from making such mistakes in the future and ensures good return on your investment.

Here are the first five of 10 common mistakes made by real estate investors, according to [bankrate.com](http://bankrate.com). Bankrate has put together the tops mistakes made after speaking to established, full-time real estate investors and other professionals involved in real estate investments such as bankers, agents and brokers.

**1. Proper Planning.** Lack of a proper planning is the biggest mistake made by novice investors. Finding a house after forming a proper strategy is the proper way to head into an investment. Many make the mistake of buying a house because it seems to be a good deal and then try to see how they can work it into their plan. Instead of buying a house and then thinking one can plan in due course, investors should concentrate on the numbers and try to make

offers on multiple properties to ensure a good property that not only fits into their investment plan, but also works out well with the numbers they had planned for.

**2. Fast Money.** The second major mistake that real estate investors make is to think it is very easy to get rich in real estate. This is only a myth and the reality is that investing in real estate is a long term project. Be prepared to put your investment to work before seeing the profit. You'll find that it takes money to definitely make money.

**3. Teamwork.** For becoming a successful real estate investor one needs to build a team of professionals who would assist with the investment. This would ideally include a real estate agent, an appraiser, a home inspector, a closing attorney and a lender.

**4. Excess Payments.** Paying too much for the investment property can decrease the amount of profit to be made. Locking up all the funds in the erred property deal will leave you with no money to redeem yourself. That is certainly not a position that any investor wants to find themselves.

**5. Homework.** Lack of research could be a costly mistake as a real estate investor. Every field of business needs sufficient amount of homework to be done, and real estate investment is no exception. Learn the fundamentals and then venture into investing in properties.

Stay tuned for part II in December.

**Ray Thomas**

*Associate Broker*

**Island Advantage Realty LLC**

Direct: 631-820-3479

Cell: 516-523-3501

[rthomas@iarny.com](mailto:rthomas@iarny.com)

[www.raythomashomes.com](http://www.raythomashomes.com)

[www.joinreinli.com](http://www.joinreinli.com)