

# REAL ESTATE INVESTING FOR BEGINNERS



**FOR  
SALE**

REAL ESTATE INVESTING TIPS  
AND STRATEGIES FOR BEGINNERS

# **Real Estate Investing for Beginners**

Real Estate Investing Tips and Strategies for Beginners

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## Introduction

Let's start your real estate investing education with a quote.

*"Ninety percent of all millionaires become so through owning real estate. More money has been made in real estate than in all industrial investments combined."*

Andrew Carnegie

Carnegie was one of the wealthiest people in the world in the early 20th century. He started his working life making \$1.20 per week (yes, per week) working in a cotton mill. We're not talking an easy 40-hour work-week, either. The hours were long and the work was hard.

Andrew Carnegie learned how to spot smart investments, and he began to make decent returns at a young age. He eventually earned an income of \$50,000 per year at age 33. If that doesn't impress you, that was equal to about \$400,000 per year in 2020.

He got involved in the steel industry and sold the Carnegie Steel Company to banker John Pierpont Morgan for \$480 million in 1901. That's the equivalent of about \$390 billion today. Let's put that into perspective.

In 2018, Jeff Bezos (Amazon), Warren Buffet (Berkshire Hathaway, stock investing) and Bill Gates (Microsoft) were worth \$290 billion ... combined!

Suffice it to say that Carnegie knew a thing or two (or three, or four) about investing for profit. He loved real estate as a sound investment.

I know what you're thinking. "That was a long time ago. Is real estate still a smart investment today?"

You bet it is.

The College Investor website reported in February of 2020 that "... about 90% of the world's millionaires have been created by investing in real estate."

There's that pesky 90% again!

It shows that more than 100 years after Carnegie professed his love of real estate as a money-making investment, it's still making people wealthy.

By the way, isn't that why you're here?

Aren't you reading this now because you're considering investing in real estate to increase your financial health and well-being? Of course you are. We want to help, so in this real estate investing guide for beginners, we're going to cover the following topics.

We'll define the different types of real estate investments available to you. You discover why you should (or shouldn't) invest in real estate. It's not for everyone, but it is a smart and profitable investment for a lot of people.

You will learn why a "get rich quick" attitude is a great way to "get poor quickly" instead. The long-term approach works best, but you can also realize a nice

monthly and annual income along the way. There are several ways to invest in real estate. We'll show you some that are perfect for beginners. You can probably find one or more ways that match your investment objectives.

You need to know how to spot the right market to invest in. Your starting point is important too. You need to decide on an investment strategy depending on your current financial situation.

You will learn about financing, whether you'll be able to invest with no money down or not, and how to spot a good real estate deal. Maybe more important than anything else is the "1% rule" that virtually guarantees you'll make money on a deal. The wealthiest real estate moguls still use this rule to know whether to get involved or walk away from an investment.

We will share that important rule with you, and cover all the real estate investing topics we just mentioned (and many more). Let's begin by looking at a few of the many benefits of this type of investing

## **7 Benefits of Real Estate Investing**

There are a lot of benefits that real estate investing offers to the beginner. Here are a few of the rewards you can realize by investing in real estate, even with no experience.

### **1 – Positive Monthly Cash Flow**

It can take months or years to realize positive cash flow from a business. The same's true of most investments. Real estate can deliver positive cash flow almost immediately in some cases.

Here's one example.

You invest in a rental property. Your mortgage payment is \$1,000 per month. You rent the unit for \$1,500 per month. That creates an immediate positive cash flow of \$500 per month. Of course, this doesn't take into account repairs and other factors, but this immediate and positive cash flow is something that some real estate investing strategies deliver that most investments don't.

The monthly payment for your renters grows over time as well. Many real estate investors raise their monthly rental rate by 5% or more each year. Their mortgage payment stays the same and their positive monthly cash flow grows incrementally each year.

### **2 – Attractive Tax Benefits**



We won't get into real estate taxes here as a discussion point. They vary from city to state to country. In the United States and most other countries, owning real estate can deliver some serious tax benefits. That's one main reason the wealthiest people in the world own multiple properties and pieces of land.

This can add up to huge deductions on your annual tax bill. That pushes up your overall profitability and earnings. In many cases you can deduct all expenses related to renting a property. There are often depreciation deductions you can claim when you buy a property outright.

Rental income is often taxed at a lower rate than income from other types of businesses or investments. Capital gains tax rates can be lower than other investments as well.

### **3 – Long-Term Appreciation Is Nearly Guaranteed**

No investment, including real estate, guarantees a profit. That having been said, the steady and long-term profitability and appreciation of real estate has been extremely consistent over time.

Nobody is making new land. We have only a limited amount of land. This means as long as the human population continues to grow, and it always does, more people are going to have to live on the same amount of livable real estate than last year and the year before.

This simple law of supply and demand means real estate will grow in demand and shrink in supply year after year. This is the perfect scenario for appreciation. As the need for housing grows with population numbers, so does the appreciation of real estate in most cases.

## **4 – You Enjoy More Control Than with Many Other Investments**

Let's compare real estate investing to playing the stock market. Investing in the stock market is easy. There are a number of online stockbrokers that charge as little as \$5 and in some cases nothing for you to make a trade. You can buy stock in a company and feel like a real mover and shaker on Wall Street!

In this situation, you have very little control. You have zero influence over company decisions that are going to affect your investment.

The opposite is true with many real estate investments. Let's say you buy a home that you plan on renting out. You expect annual appreciation on your home value and positive cash flow from rental income each month. To make those two things happen, you have 100% control.

You can do anything you desire or that is needed to improve the performance of your investment. You are the owner. You own that property, so you have total control over how your investment performs. You can raise and lower rental rates, add to the property, sell the real estate for a profit or use your control in some other way.

This type of control is not present with many (or most) traditional investments.

## **5 – It's Easy to Understand and Get Started**

You don't need an advanced college degree. You don't need any specialized knowledge either. It's easy to understand real estate as an investment.