

Follow 5 Easy Steps to Become a Successful Real Estate Investor

Many people find pleasure in being mystified. The arts mystify them, so they congratulate the artist on his "great gift." Science mystifies them, and so they don't even wonder about what researchers are up to. Investment in real estate is mystifying to them, and so they assume it's a gamble and that some people either are quite lucky, or that they must have been born with a gift.

They refuse to accept that success in each of these three disciplines is just contingent on formulating a series of steps and following through on your plan. Anyone who reads the Rich Dad, Poor Dad book series by Kiyosaki know that, in the real estate investing game, there are five important steps necessary to succeed. An investor should:

1. Understand the language of real estate investment. This means to have a working knowledge of the basics of finance and accounting and learn to read financial statements. This knowledge give you the ability to distinguish between assets and potential drains. Also, it's important to learn about real estate and tax law so that you don't make expensive mistakes, but also to know what the great tax deductions for real estate are. Understanding the basics of these subjects will also make it possible for the investor to know what to ask his accountant and lawyers upon hiring them, and to understand the significance of what they tell him.

2. Keep himself surrounded by experts. This is all about networking and studying the people who may wind up as members of the team of real estate experts which he will hire to assist him in the location and evaluation of real estate. The smart investor will get to know the real estate community in the city in which he plans to invest his money, and thereby get to know the city itself.

3. Keep a close on the real estate markets. The investor should study up on various cities and see what the experts say in their regard, but additionally take a look at them himself. He should do this double-time in his own city, if that is the he is planning on investing there. The investor should get to know economic factors and which areas are more and less profitable. He should study what the market rents are and deduce whether or not a property located in that part of town would assist him in reaching his goals. The investor should also personally visit as many pieces of property as he can with his team of experts, regardless of whether or not he is actually ready to make a purchase.

4. The investor should learn how to negotiate, and how not to negotiate. Many people have incorrect notions about dealing with sellers. They believe that the object of each and every negotiation is to close the deal by any means necessary, and to strongarm the seller into ceding to his demands. If it turns out that the buyer is able to make the numbers add up to his advantage, and the seller will agree to his terms of sale, that is the point at which the buyer ought to go ahead with the purchase. If not, the investor should refrain from closing on the deal. "The ABCs of Real Estate Investing," by Ken McElroy states that the investor should go into every negotiation assuming he will walk away in the end.

5. Take care of your property. This is precisely what it sounds like. Make the necessary repairs and renovations to the property and get the empty units filled. Make sure the tenants' needs are taken care of.

This is a simplification of the long road to real estate investment success, however these five simple steps demonstrate that real estate investment is a process which can be learned by anyone. There is nothing magical or mysterious about it.

About the Author

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