

I Have \$250,000 - \$1,000,000 - What Kind of Real Estate Should I Invest In?

What follows is a brief REPORT that answers this all too often asked question.

Being a “go to guy” for many entrepreneurs, business owners (and former), CEO’s, sales leaders, investors and executives for their real estate ownership and investing this is one of the most frequently asked questions I get. So, before I answer this question let me first tell you that this is the WRONG QUESTION to ask! That is correct! This is the wrong question. What is the “right question?” The right question is actually the FIRST question that should be asked. Here it is:

“If I am being brutally honest can I REALISTICALLY be ACTIVELY involved as owner, manager, project manager, asset manager, bookkeeper, etc. in REAL future real estate deals?” In other words, if the ‘NO BS’ question needs to ask whether you want to fix the toaster yourself OR if you honestly just want the toast.

You see you probably WANT to be actively involved and I am sure you have the skillset to be, BUT, do you REALLY have the time outside of being the current business owner, entrepreneur, CEO, founder, etc. you are to do this ACTIVELY? Are you REALLY going to look at, analyze, negotiate, deal with sub-contractors, managers, building permits, inspections, leases, etc? By the way this is in addition to what you are doing a great job at now as I am sure you want to get better at that too!?

If you think you can / want to be ACTIVE are you also willing to take the time then to EDUCATE yourself so you can make solid decisions on the RE opportunity in front of you?

I find the answer to this question (or really questions) then drastically narrows down what it is you would want to consider in terms of RE investment type / direction. It is easy to see opportunity in RE “everywhere” and of course a lot of people have good “stories” but your honest assessment of how you WOULD manage your time and have a life too IS THE KEY and you CANNOT bullshit yourself on the answer. There is no wrong answer of course, but, this is where you start.

So, some quick additional things..

If YOUR answer is “NO”, even though I would LOVE to if I am honest with myself the time to be ACTIVE in the RE venture is probably not in the cards now, I would work on locating a RE investment TYPE that you have the most knowledge/experience with and seeing about vetting those that sponsor these deals and being passively involved, having them do the heavy lifting while you do your work thing. I recommend this be with someone with years and years of track record and can provide a MINIMUM of THREE references. I do this for a lot of my investors and can add more color to this if you like.

If the answer is YES I can and want to be involved, be ACTIVE in this and am ready to roll!
Then use these five criteria in terms of what to focus on:

1. It is a RE area you would really enjoy and it would not be “work” to focus on this area, continue to learn more about it even if the “payoff” could be years down the road and even if the first few investments LOST money. There are some areas of RE that you for sure feel more connected with than others.
2. Geographically and logistically the closer to your home base the better for obvious reasons. Better to work on an opportunity ACTIVELY a mile from your office than 1,000 miles especially for your “initial” phase of this.
3. In practical terms there is no RE investment better than the other. Apartments, flipping houses, mobile home parks, foreclosures, commercial, etc. You will just have to choose one, FOCUS AND GO even though the grass always looks greener.
4. Do NOT sink all of your liquid funds into the first deal. Just because you got \$300K+ ready to roll you don’t want to risk all of that on the first one JUST IN CASE it is a “learning deal” and not a “profit deal”.
5. Find a “mentor” in the area you want to focus on if you can that has “been there done that”. Even if you have to pay them for their time / expertise for a while. Be careful to avoid “sales funnels” vs. realistic mentorship.

What we have done here is brought you clarity in terms of your next step. Now, take the step! Remember, there is NO wrong answer, just the one that makes the most sense for YOU!

Good luck in your final decision as to “where” you put that liquid capital.

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