

Category: Real Estate

## **Real Estate: Basic Guide for Beginners**

When you talk about Real Estate, there are a lot of things that come in mind. Some instantly associate it with selling properties while others perceive it as a business of buying and selling houses or they may look at it as an investment strategy that can widen one's portfolio of assets. The truth is real estate encompasses a very complex field. It is packed with legal terms, complicated processes, and technical aspects that can leave any novice overwhelmed and confused. Try typing this phrase in a search engine online and you will find yourself bombarded with millions of results that will make it hard for you to determine where to begin.

To make it simpler, real estate encompasses land and all the fixtures attached to it such as properties, homes, buildings, and so on. This guide on real estate for beginners will help you understand the basics about the field as well as helpful insights on investment strategies that you may be able to use one day.

### **Real Estate as a Business**

Real estate has gradually become a major field of business. Since properties have significant value, buying and selling them has become a profitable business for many people. However, this is not the only way to get involved with a real estate business.

Offering financial advice, becoming a broker, and lending money to those who need properties are just few of the many ways to participate in the realm of real estate. The main aspects of real estate business include building homes, selling properties, renting or leasing, and utilizing a commercial property.

### **Building a home**

Building a home can be an exciting feat especially for people who are building their first homes. To ensure that your home building activity goes smoothly, here are practical tips to consider:

- Apply for a mortgage – Before you dig into the land and start laying the foundation of your new home, you need to ensure that you have the right mortgage to finance your venture. Check your assets and liabilities to determine how much you can afford.
- Enlist the help of a reputable builder – When looking for a contractor, you have to do some background investigation to ensure that you end up with the one that is efficient, trustworthy and has excellent track record.
- Select a nice location – Most of all, location of your new home can be just as important as the quality of the structure. Look around the neighborhood and see if the people residing in the place are the ones you would want to associate with. See if the place is

accessible to major establishments and institutions like hospital, stores and supermarket. Also, do not forget to make sure that the location is safe too.

- Set a budget – This is crucial so that you do not end up overspending. Consulting a financial adviser regarding this matter is a smart move.
- Monitor the progress closely – Communicating regularly with your builder will prevent delays and help assure that everything is going the way you want it to.

## **Commercial Property**

Looking for a commercial property takes a shorter time than building a house but the process can also be tricky. Deciding what property to rent is an important decision that can make or break the business you intend to put up. Some of the factors to consider include:

- Location – Any business owner and real estate agent can attest that location is everything, especially if your business requires foot traffic. You need to choose an area frequented by your target market. Proximity to competitors is also a good idea so you have higher chances of acquiring customers more quickly.
- Convenience to customers – The place you are renting should be convenient for your customers since the success of your business depends on their satisfaction. Before buying or renting a commercial property, ask yourself if the property offers sufficient parking space, if the location is accessible and if the environment is safe and pleasant.
- Future plans – today, a small space might be sufficient but once your business becomes a hit, you need to have some space to expand. Find a commercial property that will help you be able to do so instead of limit of your space for success.

## **Leasing and Renting**

Many people use the two terms interchangeably but they are not the same. The primary difference between the two is the length of time involved in the process of renting a property. Lease means a longer period such as six months or one year while rent involves a month-to-month rental agreement.

Moreover, renting means that the value of the property is fixed while leasing means you are actually amortizing the property and by the end of the term, you have the option to buy the property for its remaining value, at least for most countries.

Prior to renting or leasing a property, make sure you understand and consider these differences before making a choice. Also, once you have rented a property, make it a good practice to always pay on time to avoid incurring fines or late payment charges.

## **Mortgage**

Mortgage refers to a type of loan that finances a purchase of a real estate property and comes with specific payment periods as well as interest rates. To find the best mortgage in the market, be sure do the following:

- *Shop around.* Collect quotes from different lenders and compare their deals before you sign the dotted line. This is one of the most effective ways of landing the best deal.
- *Carefully examine all costs involved.* Interest rates and charges apply when you take out a mortgage. Determine how much you can comfortably afford before applying for one.
- *Make a selection between long term and short term.* Long-term mortgage may require paying lower monthly rates but this does not mean it is a cheaper option. The longer you pay, the more expensive the total value of the mortgage becomes.
- *Consider hiring a reputable mortgage broker.* A mortgage broker can help you gain access to the most exclusive products available. Moreover, with an efficient and trustworthy broker, you can be sure that you will be in the right track when it comes to your mortgage affairs.

## **Selling Property**

Selling properties is not as easy as you might think. To maximize the value of your property and sell it immediately, make a good first impression. If you are going to sell a house, make sure that you trim the lawn, fix repairs around the house, do regular cleanings, and remove personal belongings that will distract the potential buyers from seeing how nice your home is.

Indeed, Real Estate can be a major source of profit especially to those who have successfully learned its ins and outs. As a beginner, you do not need to stumble without a clue, as the information provided in this article will prove to be helpful to you if you choose to engage in this type of undertaking.