

**FOR IMMEDIATE RELEASE**



Nancy Braun, Owner & Broker-In-Charge

Showcase Realty

Phone: 704-889-5600

Fax: 704-625-2361

[marketing@showcaserealty.net](mailto:marketing@showcaserealty.net)

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## Making a *Real* Investment

With homeownership dropping and rental vacancy rates rising, it is clear many Americans are looking to make a change to renting instead of owning their home. Currently, homeownership levels are at 66.5%, the lowest they've been since 1998, reported by the Department of Commerce last Monday, and the rental vacancy rate at 9.3 percent, the highest its been since 2003. Many prospective investors could take this information and apply it to a very lucrative decision for future investment property purchases.

Nancy Braun, Owner and Broker-In-Charge of Showcase Realty, has been a real estate broker for over 14 years. Her expertise lies in REOs, short sales, distressed properties and she recently became a Neighborhood HUD Listing Broker. A large amount of her listings are being sold to real estate investors and she is sharing a few questions and tips to keep in mind if you are thinking about becoming a real estate investor.

### **What is Real Estate Investing?**

Real estate can be a great long-term investment. It is a tangible, cash-generating asset and appreciates in value. Real Estate investment has proven to be a powerful method of accumulating wealth over time and investors are getting a return on their investment (ROI) in three ways: cash flow, return on taxes and appreciation.

### **What are the Benefits of Real Estate Investing?**

The main benefit of real estate investing is the profit that you can make if you handle your investment correctly. Having a rental property provides a source of regular income, but other than that, investment properties qualify for numerous tax deductions which may include cost of building maintenance and repairs and interest paid on loans related to the property.

## **Are You Looking to Rent or Flip?**

Before you start looking at properties, you should decide on what you are going to do with the property once you attain it.

If you choose to buy, hold and rent it, take into consideration the responsibility it takes to be a landlord. You will need a lease agreement specifying what you will be responsible for maintaining, fixing, etc. and what the tenants will be responsible for like amount of rent, date of payments, leasing length, etc. Becoming a landlord can turn into a very profitable venture if you make sure you are well-versed in property management, including fair housing laws and eviction and collection procedures. While you can self-manage, it may be wise to outsource this to a local experienced & qualified property management company. Either way you must maintain the property to best preserve its value so it can eventually be sold at a significant profit.

If you choose to flip the property, you must take into account any and all property updates and repairs that need to be made. The term “flipping” means that you purchase a home, repair it and resell for profit. Both renting and flipping can be substantial financial investments so make sure you have a reasonable budget in mind for the possible updates that will need to be made. Flipping a home can be considered less of a responsibility than becoming a landlord, but you must keep in mind that someone will be living in the home you are flipping and you want to make sure they will find it worth their money to purchase and move into. Consult your attorney and lender for restrictions on flipping. Keep in mind that flipping may not be the wise choice in a down housing economy.

## **How are Your Finances?**

The better your credit, the more likely you will be able to get a decent loan. Since lenders know people are more likely to default on investment property they usually require bigger down payments, higher interest rates and stronger finances for rental property investors. It will also be prudent to have a cash reserve left over after buying the property to put toward unexpected vacancies, maintenance and repairs. Typically the lender will require 20-25% down on an investor loan. In some instances a 10% down payment may suffice.

## **Additional Considerations**

### *Location, Location, Location*

If you decide on renting your investment property, make sure it is in an area where you can attract tenants. The same rules apply for finding a home to flip. When trying to sell a home, if it is located in a strong resale area, not only will you have a shorter hold time but you will likely benefit from a greater return. Be sure to seek out a real estate agent that has experience advising investors not just owner-occupants.

### *Timeline and Budget*

Having a reasonable, realistic timeline and budget for repairs will prepare you for success in your investment venture. Make sure to stick to the guidelines you set for yourself so you can end up with as much profit as possible and not overpay for your investment. Do not over-improve. This is not your personal residence. Only make improvements that will either make it more attractive to sell/rent, and/or will reduce your hold or vacancy time and ultimately show a return on your investment. There will always be unforeseen issues that may hold up construction or unexpected costs, but make allowances for such problems and you will stay on track.

### **Where Can I Find an Affordable Home to Invest In?**

With home prices at an all-time low, we are currently in a buyer's market. There are many houses on the market being sold well below tax value that are just waiting to have a little TLC given to them to make them shine again. Seek out a real estate professional that specializes in Real Estate Owned (REO), Short Sale and distressed properties and who also has experience working with investors. Showcase Realty has extensive experience assisting investors.

Visit [ShowcaseRealty.net](http://ShowcaseRealty.net) to see affordable homes that are available in the Charlotte Metro and surrounding areas.

For more information please contact Showcase Realty at 704-886-5600 or [info@showcaserealty.net](mailto:info@showcaserealty.net)

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Showcase Realty, a Charlotte-based real estate brokerage was founded by Nancy Braun in 2008. Showcase Realty handles all aspects of real estate sales, including general brokerage, short sales, foreclosures and investment properties. Braun is focused on keeping her team up-to-date technologically and making sure they are aware of all changes and news in the real estate market.