

DV REAL ESTATE GROUP INVESTOR'S GUIDE



Introduction

At DV Real Estate Group, we strive to help our clients in all aspects of real estate-- whether it is buying a home, selling a home or getting into real estate investing. A great way to build wealth and secure your financial fu-

ture is to invest in real estate. Whether you are looking to flip houses or build a real estate portfolio of apartments or warehouses, our Investor's Guide will help you get started.



For the past two decades, real estate broker Diana Vasquez has been a community minded Jersey City resident who uses her extensive knowledge of the area to secure residential and commercial projects and clients. Her intense professionalism and dedication are grounded in the core values that she learned as a U.S. Marine: honor, courage and commitment. Diana was the founding owner of a bespoke clothing company in New York and transitioned into commercial real estate by applying the relationship-based business practices that she developed. She has established a network of real estate developers, property owners and managers who trust her committed approach to sales, this has enabled her to broker multi-million-dollar development projects and multi-family buildings.

She is an energetic fitness enthusiast that believes in taking care of spirit, mind and body, which helps to heighten her focus and ironclad resolve. Outside of the office you will find her exploring various cuisines and restaurants that are essential in fueling her active lifestyle. Plus, she is a lover of the arts, travel, music, dance and the great outdoors. Diana inspires, mentors, and positively impacts everyone that she meets with her dynamic attitude and zest for life.

Benefits of Real Estate Investing
Stages of Real Estate Investing
Getting Started in Real Estate Investing

1. Decide what kind of investor you want to be

There are a variety of ways to invest in real estate. One of the first steps in getting started with real estate investing is deciding what kind of investor you would like to be.

Long Term Hold > 5 years

This is an investment strategy where real estate investors buy a property and hold on to it for more than 5 years. They can rent out the property for several years or simply leave it vacant and eventually sell it for a profit once it appreciates.

Short term hold < 5 years

As an investor, you can make a real estate investment in the short term, in which you purchase the property, fix it, lease it at higher rents, and then sell it a higher value.

Flipper/rehab - fix and sell

House flipping is when a real estate investor buys houses and then sells them for a profit. For a house to be considered a flip, it must be bought with the intention of quickly reselling. The time between the purchase and the sale often ranges from a couple months up to a year.

Secure and sell contracts

During this process, investors look for a great deal, sign the contract and make a deposit to secure the contract. Before that purchase is completed, they then sell the contract to someone else with an added assignment fee. This fee ensures a profit for your work. The good news is you will never actually own the property because you serve as a middleman facilitating the purchase.

2. Decide what kind of investment property you want to own

Along with deciding the kind of investor you would like to be, you also need to determine the kind of investment properties you would like to own. When selecting the type of investment properties you would like to add to your real estate portfolio it's important to think about the types of tenants you would like to manage, as well as how much involvement you would like to have with the properties you own.

Multi-Family

A multifamily home is any residential property that contains more than one housing unit, such as a 2-4 unit home, or an apartment complex. If a property owner chooses to live in one of their multifamily units, it's considered an owner-occupied property. An investor can choose to live in one of the units of the multifamily or rent the units all together.

Mixed-Use

In its simplest form, mixed use property combines two or more types of real estate, such as retail and residential, or office and industrial in a pedestrian-friendly setting. By combining different property types, developers and landlords can better serve both the businesses and residents who occupy the space.

NNN - Single Tenant

A triple net lease (triple-net or NNN) is a lease agreement on a property whereby the tenant or lessee promises to pay all the expenses of the property, including real estate taxes, building insurance, and maintenance. These expenses are in addition to the cost of rent and utilities.

Industrial – Warehouse

Industrial property can include anything from manufacturing or fabrication plants, distribution warehouses, private warehouses, office or showroom space and data centers.

Land

Purchasing land opens the possibility for all the above-mentioned types of investment properties. When you purchase land, you can either resell it or rent it out for others to build property on. As the owner, you can collect a percentage of whatever is built on your land.

3. Make sure you have at least 25-30% down payment lined up and you have an EXCELLENT lender

One of the common pitfalls that many people face when getting into real estate investing is not having money for a down payment and reserves. In a commercial transaction lenders like to see approximately 12 months of mortgage payments in a separate bank account, this is called a reserve. This guarantees the bank their mortgage will be covered for at least a year, in case of an unexpected change in tenancy, or an abnormal circumstance that would affect the income of the property.

4. How involved do you want to be? Do you want to self-manage or have a management company take that responsibility?

Regardless of the type of investment property you decide to purchase, you will need to decide what your level of involvement will be with the property and your prospective tenants. Some landlords opt to handle all aspects of the investment such as maintenance, collecting rents, seeking tenants, etc., while others prefer to hire a management company to handle these types of tasks. Make sure to evaluate how much time you can dedicate to the investment property to help you decide how much you will be involved.

5. Make sure the properties you are considering sustain the mortgage and have positive cash flow.

Another mistake that many new real estate investors make is getting into a deal that either doesn't make sense or doesn't produce the results they thought it would. It's important to evaluate all potential investments with your real estate professional as well as review the financial pros & cons of every deal. Ensuring that your investment has a positive cash flow will also allow for you to prepare for potential future issues with the property.

6. Know what your exit strategy is.

Regardless of whether you intend to resell properties or you want to hold onto them and manage them as rental properties, you need to create and follow exit strategies that help you achieve your goals. An exit strategy is a way out of your investment.

Ready to get started?

I look forward to helping you build your
real estate portfolio.

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