

# 10 Habits of Successful Real Estate Investors

[Investopedia](#)

Joint ventures, wholesaling and property management are just a few of the ways investors can profit from real estate, but it takes a little savvy to become successful in this competitive arena. While certain universities offer coursework and programs that specifically benefit real estate investors, a degree is not necessarily a prerequisite to profitable real estate investing. Whether an investor has a degree or not, there are certain characteristics that top real estate investors commonly possess. Here are the 10 habits that highly effective real estate investors share.

## 1. Make a Plan

Real estate investors must approach their real estate activities as a business in order to establish and achieve short- and long-term goals. A business plan also allows investors to visualize the big picture, which helps maintain focus on the goals rather than on any minor setbacks. Real estate investing can be complicated and demanding, and a solid plan can keep investors organized and on task.

## 2. Know the Market

Effective real estate investors acquire an in-depth knowledge of their selected market(s). Keeping abreast of current trends – including any changes in consumer spending habits, mortgage rates and the unemployment rate, to name a few – lets real estate investors acknowledge current conditions and plan for the future. This enables them to predict when trends may change, creating potential opportunities for the prepared investor.

### **3. Be Honest**

Real estate investors are usually not obligated to uphold a particular degree of ethics. Although it would be easy to take advantage of this situation, most successful real estate investors maintain high ethical standards. Since real estate investing involves people, an investor's reputation is likely to be far reaching. Effective real estate investors know it is better to be fair, rather than to see what they can get away with.

### **4. Develop a Niche**

It is important for investors to develop a focus in order to gain the depth of knowledge essential to becoming successful. Taking the time to build this level of understanding of a specific area is integral to long-term success. Once a particular market is mastered, the investor can move on to additional areas using the same in-depth approach.

### **5. Encourage Referrals**

Referrals generate a sizable portion of a real estate investor's business, so it is critical that investors treat others with respect. This includes business partners, associates, clients, renters and anyone with whom the investor has a business relationship. Effective real estate investors pay attention to detail, listen and respond to complaints and concerns, and represent their business in a positive and professional manner. This builds the kind of reputation that makes others interested in working with those investors.

### **6. Stay Educated**

As with any business, it is imperative to stay up to date with the laws, regulations, terminology and trends that form the basis of the real estate investor's business. Investors who fall behind risk not only losing momentum in their businesses, but also legal ramifications if laws are ignored or broken. Successful real estate investors stay educated and adapt to any regulatory changes or economic trends.

## **7. Understand the Risks**

Stock or futures market investors are inundated with warnings regarding the inherent risks involved in investing. Real estate investors, however, are more likely to see advertisements claiming just the opposite: that it is easy to make money in real estate. Prudent real estate investors understand the risks – not only in terms of real estate deals, but also the legal implications involved – and adjust their businesses to reduce those risks.

## **8. Invest in an Accountant**

Taxes comprise a significant portion of a real estate investor's yearly expenses. Understanding current tax laws can be complicated and take time away from the business at hand. Sharp real estate investors retain the services of a qualified, reputable accountant to handle the business's books. The costs associated with the accountant can be negligible when compared to the savings a professional can bring to the business.

## **9. Find Help**

Learning the real estate investing business is challenging to someone attempting to do things on their own. Effective real estate investors often attribute part of their success to others – whether a mentor, lawyer or supportive friend. Rather than risk time and money tackling a difficult problem alone, successful real estate investors know it is worth the additional costs (in terms of money and ego) to embrace other people's expertise.

## **10. Build a Network**

A network can provide important support and create opportunities for both new and experienced real estate investors. This type of group – comprised of a well-chosen mentor, business partners, clients or members of a non-profit organization – allows investors to challenge and support one another. Because much of real estate investing relies on experiential learning, savvy real estate investors understand the importance of building a network.