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## FINANCIAL FOCUS



Lane Gorman Trubitt, PLLC  
Accountants & Advisors

Your Accounting for a New Economy

# Five Lessons All Real Estate Investors Should Learn

For many years real estate has been considered a solid investment. As the old saying goes, “It’s the one thing they’re not making any more of.” Despite the roller coaster of today’s market, long term real estate investing remains on solid ground. However, the current environment has made it much more competitive and to be successful investors must temper experience with wisdom. Following are five lessons we believe all investors should learn before taking the plunge.

### **Investments are a Business**

It’s important to remember that real estate investing is a business, and like with any business you can really benefit from a well thought out, solid business plan. By taking the time to create a plan up front, you can establish your goals early on and determine the best, most efficient way to achieve them. Like with any business it’s inevitable that some unforeseen obstacles will get in the way of achieving your goals. When that happens, your business plan will help you keep the big picture in sight and focus on your objectives rather than concentrating on minor setbacks.

### **Know Your Market**

Never underestimate the value of understanding your market. To maintain success over the long term a well-rounded and deep knowledge of the market in which you work is necessary. You must be up to date on all the current trends including unemployment rates, consumer spending, interest rates and more. Watching these trends will give you a better understanding of current conditions and help you plan for the future.

## **Focus Your Efforts**

As the old adage goes, a jack of all trades, more often than not, is a master of none. As you know, there are many different avenues of real estate investing. Each has its own characteristics and idiosyncrasies. It takes a large investment of time and experience for an investor to truly understand the intricacies of their chosen niche. When first starting out savvy investors will focus their efforts on one particular area of real estate investing, before considering to expand into another area. It's always best to do one thing really well, than to do many things poorly.

## **Be Mindful of the Risks**

There are always risks involved when it comes to any kind of investment. Whether you're investing in the stock market, a new company or even real estate, there is always risk – monetary and legal. The most successful real estate investors will research each opportunity and evaluate the risks and then adjust their business to minimize the danger of potential pitfalls before committing.

## **Don't be afraid to Ask for Help**

Due to the complex nature of the real estate industry, investors must have access to a great deal of knowledge and expertise to become successful. For this reason, assembling a strong team of trusted advisors is essential. From an attorney to an accountant, investors must surround themselves with a knowledgeable team who understands the industry and is able to provide guidance as the market grows and changes over the years.

Real estate investing can be very profitable, but there are also some inherent risks. These are just some of the lessons all Real Estate investors should learn before jumping into today's competitive market. If you have any questions or would like more information on LGT's specialized real estate niche, do not hesitate to contact your trusted LGT advisor or Richard Trubitt, the partner-in-charge of LGT's Real Estate Niche at (214) 461-1433 or by email at [rtrubitt@lgt-cpa.com](mailto:rtrubitt@lgt-cpa.com).