

[Add to Queue](#)**REAL ESTATE**

#5 Ways to Make the Big Bucks in Real Estate

It's not just about maximising the profits and minimising the risk of losses, but also about offering peace of mind and boosting confidence in the investments

[Add to Queue](#)

Image credit: Shutterstock

Shivam Sinha

August 9, 2018 5 min read

Opinions expressed by *Entrepreneur* contributors are their own.

There's no denying that investing in real estate is one of the most lucrative ways to create wealth. However, it takes more than buying low and selling high to turn realty into a real fortune. There are far too many tragic stories of ill-informed folks who have burned their fingers in the lure of making a killing in the bricks and mortar investment.

Before we get to know, how to make the most of your real estate investment, let's acknowledge that this is a great time to invest in realty. Market reports affirm that the lull in the Indian property

market – following demonetisation and key industry reforms – is finally over. Thanks to regulations such as the Goods & Services Tax (GST), the Real Estate (Regulation and Development) Act (RERA) and easing of FDI norms, there is now greater transparency, improved consumer confidence, and enhanced capital inflow into the real estate sector in the country.

So, what's the secret to tasting success in real estate? There are many ways of doing it right, yet the fundamentals remain the same. Here's looking at five ways in which you can ace the realty investment game:

- **Think short-term rentals**

There was a time – not too long ago - when renting out properties was considered a long-term investment, with steady monthly yields. Today, thanks to the rise of the sharing economy and services like Airbnb, short-term renting of residential properties is where the big – and quick - money is. You can easily expect 10-20 per cent return-on-investment (ROI), depending on the demand, locality, and other contributing factors.

Homestays and vacation homes are also rewarding when it comes to investing in short-term rentals. There is immense potential to earn a substantial amount of passive income from investing in properties that can be rented out on a short-term basis to business travellers and vacationers. If you are looking for that financial cushion to help you retire early and enjoy the good life, short-term rentals is the way to go!

- **Hold on to those assets**

Traditionally, investing in real estate implied buying a property and then, renting it out. The key was to hold on to the property, with a long-term vision of creating asset value. The approach still works, provided you do your due diligence in selecting the right location. If the choice is between a great home in an average location and an average home in a great location, it's prudent to choose the later. It's more viable to give homes a makeover than locations!

Long-term buy-and-hold residential rentals, typically, bring in annual returns of up to 10 per cent. It's a relatively stress-free way of building wealth through real estate, especially in the case of properties with long-term tenants.

- **Diversify your portfolio**

Not putting all your eggs in one basket is a good investment strategy, whether you deal with stocks and shares or real estate. A diverse property portfolio – based on your financial goals, the appetite for risk, etc – can help you survive financial turmoil, caused by external or personal factors.

By investing in varied types of real estate – residential, commercial, short-term rentals, long-term leases – it's not just easier to withstand setbacks if any, but also to ensure positive cash flow. The idea is to have a smart investment plan that comprises an assortment of properties offering capital appreciation, superior rental yields, and in some cases, a dynamic blend of both. It's the best way to build your asset bank and raise your net worth, with well-calculated risks.

- **Save on taxes**

Arguably, the best thing about investing in real estate is the myriad tax perks that are offered by the government. From tax exemption on home loans to provisions for showing depreciation of assets to avail maximum rental income, there are numerous ways of embracing tax-efficiency for a smart real estate investor.

To take full advantage of the tax benefits, you need to first be aware of the legislation and provisions. Whether it's maximising savings from tax-deductible items, such as furnishings, or availing of tax rebate on your second home loan for a rental property, the bottom line is that real estate offers a remarkably tax-efficient investment option.

- **Call in the expert**

Investors at the mercy of real estate agents – who often work on commission from developers - are often victims of the misfortunes in the industry. Like in the area of personal wealth management, there is a genuine need for the expertise of wealth management advisory in real estate.

With a professionally-run property management company by your side, it's easier to navigate the complex realities of investing in real estate with due diligence and responsible fiscal mentoring. It's not just about maximising the profits and minimising the risk of losses, but also about offering peace of mind and boosting confidence in the investments. To stay ahead of the game, one needs to be able to foresee market trends and keep a pulse on current projects and policies. The path to financial freedom is, undoubtedly, less tumultuous and more enjoyable, when you have an expert hand-holding you through the investment journey.



Subscribe Today

New solutions, ideas, emerging trends, and real-life disruptions. Get the monthly dose of Entrepreneur delivered to you.

GET THE MAGAZINE

Subscribe



[Terms of Use](#) | [Privacy Policy](#) | [Cookie Policy](#) | [Site Map](#)

Copyright © 2018 Entrepreneur Media, Inc. All rights reserved.