

Invest in Good Deals, NOT Markets

People who have always put their money in blue-chip stocks, bonds, and money-market accounts commonly think of real estate as being an inherently risky investment. While real estate can be risky, you can certainly limit that risk by educating yourself.

My experience shows that certain types of investments in real estate can be inherently safer than others, particularly where there is uncertainty in the future of the market, whether it will go up or down.

After all, real estate is a survival game. Anyone can make money in rising markets, but those who survive the down markets retire wealthy. Always invest in "safe" deals, and you'll survive long term in this business.

Remember, there is no 100% "safe" deal. But being thoughtful, conservative, and defensive will increase your odds of long-term success in real estate investing whether markets are up or down.

Too many novice investors try to time the market and ride the waves of market appreciation.

Certainly buying and selling at the perfect time (when the market peaks, for example) is the easiest and most lucrative way to invest in real estate. It's also the most risky because few people have enough foresight to figure out where the top and bottom of the market are.

Your can find good, sound deals in *any* market

Instead of trying to guess the bottom and top of a market, stick to particular deals that make sense. In any market, you can find particular bargains in solid neighborhoods that make sense.

Buying houses at great bargains is easy when the market is soft and sellers are flexible. Even if you're in a hot market, you can still find homeowners who want to sell below market for reasons other than money, including the stress of a divorce, a death in the family, a job transfer, or other life changes.

At times like these, people can be highly motivated to sell their houses quickly. Even if you seek emerging markets around the country, you can still end up with a bad deal that won't make you money.

In short, each deal must stand on its own. The late Will Rogers said, "Buy when others are selling and sell when people are buying." This may work for stocks because you can get in and out of a deal in a short time.

However, in real estate, you can't expect to time the market in terms of days. Unless you're in a market where bidding wars occur and prices go up in a matter of days, plan your strategies in terms of months and possibly years.