

Finding Real Estate Opportunities



By Rey Cartojano

Contrary to popular quick rich schemes, most of those who are successful in [real estate](#) did not attain their status overnight.

Key to success in real estate is patience in looking for opportunities. There is no rush to force things especially as you will have to look for bargains. In fact, given time and lots of creativity, you may even secure a real estate bargain that will practically be presented to you in silver platter! Yes, as if given to you for 'free', so to speak.

First step will be to broaden your options and choices. For real estate beginners, ideal property to acquire will be [housing unit/s](#) to be used as boarding and lodging houses that are ideally located near the [urban center](#) in order to ensure abundant supply of prospective lessees. You will have to scout around for foreclosed assets from banks and lending institutions, and check for the condition of the housing units if they will need minimal renovations at all. You will have to check loans balances and terms of payment, and see if the cash flow generated, though minimal, will provide windfalls if the property will be disposed in the next 3-10 years.

Very good options and targets for real estate acquisitions are those properties where the owners are 'motivated' to sell, like the owners are leaving, or are involved in marital disharmony, or there are several co-owners and the only way for those to get their shares is to sell the property. You will have to generate a master list of these properties, and prepare a checklist of pros and cons before you make a short list of at least three (3) properties for you to finally choose.

One of the major consideration in your decision is the availability of bank financing. In our previous blog post, we mentioned about the need to build and establish a good savings plan in order for you to improve your 'bankability'. If you have a modest savings of at least P100,000 to P200,000 parked in a savings bank, and if you are employed also, you have very good chances of securing a 15-25 term loan.

Another important key is analyzing your [cash flows](#) in the first five years, whether or not the rentals generated will be enough to cover the monthly bank amortizations. As you should not be in the rush to make decisions, you will have to study if the bank can provide you with financing with very minimal, if not zero, cash outlay or counterpart. Again, you will have to study your budget for renovations, or

expenses needed to make your housing unit habitable or livable.

One important cue is to find housing units near big colleges or universities, or near the [business](#) center, as your lessees will come from these institutions. A P500,000 to P1,000,000 loan will have monthly amortizations from P5,000 to P12,000 depending on [interest rates](#) and terms of loan. You will have to convert your housing units into bed spaces only, so if it has 2 bedrooms, you can have two (2) double decks per rooms and all your lessees will have to share kitchen, comfort rooms and receiving area.

Depending on the conditions and amenities of your housing units, you can lease per bed space from P1,000 to P2,000 to make it affordable to your [target markets](#). Your target will be positive cash flow per month to be deposited to a separated [bank account](#), as your monthly rentals should be more than enough to cover your bank obligations. You should have the discipline to treat your positive cash flows as forced savings or [investment](#), or provisions for repairs and to make additional room extensions in order to have additional lessees.

As experience will tell us, do not convert your housing unit into a single [lessee](#) outfit as multiple lessees will provide you with buffers for occasional vacancies. During your initial years, you will have to provide hands-on supervision on your leased unit/s, like weekend visits if you have a full time job.

In tandem with your side savings coming from your employment or your business, and your positive cash flows of your first real estate investment, you will now be on your way to a promising career in real estate.