

# Getting Rich in Real Estate Takes Patience and a Well-Defined Plan

by Attorney William Bronchick

Many people start out in real estate investing with great fervor, only to become discouraged after a few months when they don't attain instant fortune. They discover they can't get rich quickly and easily so they move on to the next investing scheme.

These impatient investors often make one common mistake: They learn a few tricks and think success will instantly follow.

Another common mistake is seeing the instant success of someone else and believing they'll have the same results. In reality, this rarely (if ever) happens. These people may have had a good plan, but face failure because they didn't give the required effort necessary to achieve the goal. It takes a lot of work to achieve long-term success in real estate, which is why so few accomplish it on a grand scale.

## Start with Lofty, But Reasonable Goals

Thinking big is great, but I cringe when I hear someone say, "I want to make a million dollars in real estate in my first year." Everyone loves a dreamer, but there's a fine line between dreams and delusions! Someone who earns \$50,000 a year and has no prior experience in real estate probably wouldn't make that kind of money by next Christmas.

What kinds of expectations are realistic for a beginner? The best approach is to set short-term, intermediate, and long-term goals. Be sure your goals are realistic, specific, and attainable.

For example, your goals may look like this:

\* Fifteen-year goal: Retire with \$10,000 in passive income per month, inflation-adjusted. This may require between \$3 and \$4 million in free-and-clear rental real estate.

\* Five-year goal: Acquire between \$3 and \$4 million in real estate in steadily appreciating areas. Buy, fix, and flip five properties per year at an average profit of \$20,000 to replace current income.

\* One-year goal: Wholesale two or three properties, buy, fix, and flip (retail) two properties and acquire three rental properties to keep.

\* Six-month goal: Buy one rental property and do two or three wholesale flips.

Be as specific as possible and take time to do the math. For example, if your goal is to retire within 15 years, how much income will you need to attain that goal? If you need \$10,000 per month, will that require owning and collecting rent on five houses? Ten houses? Will you be managing that property? If you pay a manager, how will that affect your bottom line? If you need \$10,000 in today's money, what will that amount be worth adjusted for inflation? The more diligently you put the pen to paper - or the fingers to the keyboard - the better prepared you'll be.

To avoid setting yourself up for certain disappointment and possible financial disaster, you must forget the dream of becoming an overnight millionaire. Instead, focus on the slow-and-steady route, aiming to accumulate wealth one small step at a time, one deal at a time. And, of course, seek help along the way from qualified experts who are active in the business. The more mistakes you can avoid on your path to riches, the faster you will reach your destination.

Excerpt from William Bronchick's new book, "Defensive Real Estate Investing", available at all major booksellers, including AMAZON.com