

## From NYC & Beyond How to Invest in Out-of-State Real Estate

by Teresa R. Martin, ESQ.

**B**uying real estate rarely goes smoothly, and buying property out-of-state has even more potential challenges. However, it's entirely manageable if the potential trouble areas are planned for and addressed. Many people own property out-of-state, and you can too.

### REASONS FOR BUYING OUT-OF-STATE REAL ESTATE

There are several reasons why you might consider owning a property in another state. Maybe local real estate prices are simply too high to qualify for a loan on a second home or investment property. Perhaps another area of the country is experiencing a real estate boom. Maybe you have a desire to own a vacation home.

### POTENTIAL CHALLENGES

Lack of knowledge about the area and the local economic situation. Everyone knows what areas of their hometown are doing well and which areas are struggling. Successful real estate investors usually know more about the area of town in which they invest than the REALTORS® do. You won't have this type of day-to-day knowledge and will have to rely on others for their advice and opinions. Ensure you're getting your advice from a worthy source.

You don't know the laws, regulations, property taxes, and other details. Real estate laws and practices vary from state to state and even from city to

city. Even more challenging, what is written in the codes and ordinances might not be the actual practice. You're going to have to find a way to gain this knowledge.

You need an out-of-state team. You're likely to need a property manager, handyman, real estate agent, and more. Your team will have a huge impact on the level of success you experience. Build your team before you buy anything.

Everything is going to cost more. For a non-occupant owner, interest rates, down payment, and insurance are all higher. The banks simply don't have as much faith in a property owner that doesn't live in the property.

### THINGS YOU MUST DO

Hire an excellent property manager. If you're going to rent out your property, keep in mind that an investment rental property is only as good as its management. It's important to find someone that you can trust even when you aren't there. Property management includes making decisions about repairs, filling vacancies, evictions, and handling any other problems.

See the property before you buy it. While very experienced investors frequently don't, it's still a good idea to see the property before you buy it. Until you have a team you can trust, you don't really know what you're getting until you see it yourself.

Visit the area. If at all possible, get out to the area and arm yourself with a local map. Spend a couple of days driving around, getting the lay of the land, and asking a lot of questions. Meet a couple of real estate agents and landowners. Join the local real estate investors club. Even if you're buying a vacation home, these are the people that know the area, trends, and relevant people. One good friend in the local club is invaluable. Join and make a friend.

Owning property out-of-state can be a wonderful investment from either a financial or enjoyment standpoint.

As with anything else, if you understand the potential challenges beforehand and prepare for them, your likelihood of success is much greater. Be sure to get your team in place and know as much about the area as you possibly can. Good luck!

*Financial coach, Teresa R. Martin, Esquire, also known as the "Wealth Building Maven," has been financially independent since the age of 35. She is the founder of the Real Estate Investors Association of NYC (REIA NYC). An active investor since the age of 18, she can be contacted by phone at (646) 467-7370, by*



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