



KNOW THE LOCAL REAL ESTATE MARKET BASIC FACTORS

Real Estate Investors That Are Successful Have One Thing In Common: They Know Their Local Real Estate Market. Ask Them Any Question About The Area, And They Can Answer It—or At Least They Know Where To Go To Find The Answer.

If You Want To Make It In Real Estate, You Have To Know The Ins-and-outs Of The Local Marketplace, Including:

- ▀ The Basic Factors, Forces, And Principles That Shape The Area Economy
- ▀ Where To Obtain Marketplace Data, To Ensure You Have The Most Current Information At Your Fingertips
- ▀ How To Use That Knowledge To Benefit Your Business

Real Estate Is One Of Those Industries That Is Heavily Influenced By Environmental, Political, Social, And Broader Economic Forces That Affect Property Value And Pricing, As Well As People's Buying And Selling Decisions.

The Real Estate Market Is Shaped By These Four Factors:



SUPPLY AND DEMAND:

This is the number of homes wanted, at a specified price at a specific time frame, and buyers' willingness and ability to purchase a home (i.e., homes are for sale that a buyer can afford and wants to purchase).



SCARCITY:

This refers to the limited supply of certain types of property in particular locations (i.e., the buyer is ready and able, but a property is not available, so the sale won't take place).



UTILITY AND FUNCTIONALITY:

This factor asks the question: "Is the commodity suitable for use?" (i.e., the buyer might be ready and able, the property might be available, but if the residence is riddled with asbestos, the sale still will not take place until the problem is remedied).



TRANSFERABILITY WITH CLEAR TITLE:

This refers to the ability of the home to legally change hands. For example, if all the other elements line up, but the buyer discovers that the seller's name is not on the title or another legal encumbrance with the deed, he or she still cannot purchase the property.

To be able to recognize a deal, you must become a local market expert. When you're new to the game, this may sound daunting. But if you put time and effort into truly understanding your local real estate market, you can significantly improve your chances of success.



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