



REAL ESTATE ON BASIC RENTAL INVESTMENT

“What do people say about you when you’re not around?” it’s a one million dollar question to a lot of people.

Investing in real estate can be a big deal and a bomb of a maximum profit but also a down fall if you do not plan it well when investing. A matter of investing on rental properties needs to be well planned. As an investor you need to know if the property you are investing in is for basic rental purpose or for commercial use. Meaning you can build a property and welcome investors or other interest persons to come and buy your properties depend on the type of a project you have.

Basic rental property is a type of investment which is know by almost everybody and most people specially in Dar-es-salaam have invested on it. Yes almost everybody has invested on it, but do they real know how to do the business and dedicate themselves on such kind of investment?

If you are investing on rental property (s), is a challenge as you will need to consider the following; as the landlord of the property you are responsible for the payment of the mortgages and every taxes and costs for the maintenance of the property. It is also the duty of the landowner to make sure the property is in proper condition before inviting tenants; this means it is suitable for any person to live. All this must be kept into the mind of any person who wants to invest in rental property (s).

Knowing all this, a person must a plan a strategy on how to gain profit and at the same time paying off the mortgage and its taxes that come along with it. How do we get such income? The source of income will come from the tenants. You will charge the tenants a reasonable price that will help you to pay off your mortgage and ofcourse at the same time getting profit, as it is not a charity work it is business so gaining of profit is a must. Advertise your property (s) and invest on property(s) which are close to the basic services such as schools, hospitals, supermarkets, places where water is available, security and the drainage systems are good. These will attract tenants, as people love to live in a place where they can get all their basic needs and also feel secure. If you are sure of filling your property(s) with tenants then you are also sure of paying your mortgage at the right time and also gaining your profit as you continue with the business.

Knowing people to invite to your property is also a challenge. A challenge on the price of the rent fees and also the type of tenants you will be inviting to the property. Though you have a mortgage and taxes to pay do not over-charge the rent fee otherwise you will end up having no tenant at all or few tenants, that is why it is best to have a good plan before investing in this business. Also the kind of tenant you invite to the property, some people are careless and taking care of someone else property is not their cup of tea. Here you need to be very



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careful on the people you invite, because if they end up damaging the property you will have to incur other costs of repairing the damaged place as some tenants may refuse to pay for the damages they have caused and you will have to do the repairing for yourself. These will disturb the budget and the plan you have in the investment. Hence you need to be careful and also be prepared incase such disaster happens.

To avoid or reduce such challenge some of the countries like India, they have a rent law that wants the tenant to pay a security deposit equivalent to the whole year house rent, is apart from the monthly rent. This security deposit money is refundable when the tenants decide to vacate or when the lease agreement is terminated. The security deposit is given to the landlord as his security, in case of any damage in the property he can deduct from it but he has to consent the tenant. By paying the security money the landlord will be able to get his monthly rent as usual and also use the security money to pay the mortgage, by the time the tenant wants to vacate the premises he can also be ready to return the deposit money. The kind of a strategy may help the landlord to avoid problems with the tenant.

Therefore investing on rental property you need to have a very well planned strategy so that you can enjoy your investment after the payment of a mortgage and it related expenses and not scramble up with expenses and never see a single penny of your investment. It is a bomb business but how do you approach it, is still a challenge to everyone. It is best to consult a profession in real estate and be advice well and most of all advertise your property to attract people.