

**The ASTUTE
INVESTOR'S
GUIDE**

8 REAL ESTATE INVESTMENT SECRETS

- Adapted from Warren Buffet.

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Warren Buffet is generally trusted as an investment guru, with many investment successes, so I have shortlisted and adapted some of his investment advice for relevance to real estate.

It is common knowledge, that average investors tend to panic during an economic downturn, forgetting that all markets have cycles. In times of uncertainty, the two most important qualities, an investor needs are the ability to stay "focused, and confident". One of the easiest ways to gain confidence is to have accurate information, which emerging investors can develop by watching how tried and tested investors approach different market cycles.

In these times of economic uncertainty, who better to learn from than the masters, such as Warren Buffet, Richard Kiyosaki, Robert Allen and a few other tested local investors.

- Udo Okonjo

#Wb1.

BE RECESSION PROOF. BEFRIEND THE MARKET.

“Look at market fluctuations as your friend rather than your enemy; profit from folly rather than participate in it.”

- Warren Buffet

UMO: Rather than worry about the market conditions, look for opportunities to create value for your portfolio and profit while others are frozen into inaction or making wrong moves. Market conditions are irrelevant if your investment strategy is right.

Understand the market, know what the cycles represent, understand the opportunity in your particular target real estate segment, become an expert in a particular area, understand what needs to be done, and do it without second guessing yourself. Stay focused. Stay strong. Keep an eye on your facts and figures, not on anecdotes.

#Wb2.

NEVER PAY FULL PRICE. PROFIT UPFRONT. ENJOY LATER.

Never count on making a good sale. Have the purchase price be so attractive that even a mediocre sale gives good results.”

- Warren Buffet

UMO - This is my favourite piece of advice to investors because it has been the most relevant especially in a dynamic market like ours, Real estate profit is made by astute investors when you buy, not when you sell. You make money in a transaction when you are going in, not when you are exiting.

You must therefore ensure, that you buy at a great price at the beginning, because that's the only way you are guaranteed to make money when you exit. Lock in your profit when buying. This is the real art of the deal in real estate transactions. Never forget this. Buy low, and never at full value. Sell lower, below the market, and you'll never complain about a tough market. Negotiate everything. Never pay full price. Buy off plan. Look out for early bird deals. Understand the market so you can compare.

#Wb3.

LEARN TO WALK AWAY. DESPERATION IS NOT A GOOD INVESTMENT STRATEGY.

**“We will reject interesting opportunities
rather than over-leverage our balance
sheet.”**

- Warren Buffet

UMO: Not every great deal is great for you. There will be times, that your best investment is the one you decide not to make. It takes discipline to stay balanced. Like some say, great estate deals are like buses, there's always one coming up.

While I don't necessarily agree that all great deals can be easily replicated, I do believe that there will be times to pass up on a great deal rather than implode your existing portfolio. Always stay in control of your investments by knowing your numbers. Know clearly how far you can and cannot go, especially if using leverage. Understand your personal risk appetite. Undue stress leads to health challenges and defeats the purpose of investing. Remember this: "Sometimes the best real estate deals are the ones you don't make." Desperation is not a good strategy in life, love or real estate.

#Wb4.

REAL ESTATE IS ABOUT RETURN ON INVESTMENT NOT EGO.

“The most important quality for an investor is temperament, not intellect... You need a temperament that neither derives great pleasure from being with the crowd or against the crowd.”

- Warren Buffet

UMO: Never swim with the masses. When the tide comes and the M is removed, the sight is never pretty.

The m-asses are always wrong. Learn from astute investors who have a track record of making real profit through investing in real estate. Investment is not a game. You have no point to prove. Your strategy should depend fully on your investment objectives, clearly defined parameters, and knowledge of the market, not on proving anyone right or wrong. It's about Return on Investment not Return on Ego.

#Wb5.

TRUE WEALTH IS FREEDOM TO LIVE FULLY.

**“I really like my life. I’ve
arranged my life so that I can do
what I want.”**

- Warren Buffet

UMO: Ultimately real estate investment as with all other wealth creation strategies is about gaining freedom to decide, WHO you want to be, WHERE you want to be, and WHAT you want to do. To be more, give more, and do more without constraint of time or financial pressure is the real point of creating wealth.

#Wb6.

HALF INFORMED ADVISORS SHOULD NOT REPLACE INTELLIGENT THOUGHT.

**“A public-opinion poll is no
substitute for thought.”**

- Warren Buffet

UMO: Most investors get their investment direction from the pages of the newspaper. Only very investors are knowledgeable and actually invest in developing the 'aptitude and attitude' required to succeed massively in real estate investment. Too many people give up their ability to think by listening to the uninformed or worse, half informed 'advisors'.

Friends, colleagues, family and media reporters are not the best source of investment advice. Don't wait to learn this the hard way.

#Wb7.

PATIENCE IS A VIRTUE IN REAL ESTATE AS IN LIFE.

**“Our favourite holding
period is forever.”**

- Warren Buffet

UMO: True wealth is about long term. And in order to build any real long term wealth, you have to develop the discipline of buying and holding real estate.

Real estate is ultimately a long term play. The longer you are able to hold, the better your outcome. You "must" learn to "buy and hold" real estate to build true wealth.

#Wb8.

CLARITY IS THE STARTING POINT OF GREAT INVESTMENTS.

“You ought to be able to explain why you’re making the investment you’re making. And if it can’t stand applying pencil to paper, you’d better think it through some more. And if you can’t write an intelligent answer to those questions, don’t do it.”

- Warren Buffet

UMO: If you don't understand the WHY and HOW, you don't have a deal. You have a scheme. People go bust from schemes. To build real wealth, your investment must make sense on paper and in real life. If you can't see it clearly on paper, dump it. The best investments are easy to explain and see.

And finally, my all time Warren Buffet favourite, especially at times like these, when everyone is losing their pants, remember this: “Risk comes from not knowing what you’re doing.”

Those who don't understand the basics of real estate investing, who don't pay attention to the fundamental principles of creating a clear entry and exit strategy, and who get carried away with their emotions, these are the ones who will always mouth everything they read in the media or repeat dinner table real estate analytics. Real estate is serious business. And serious people take it seriously.

Now is the time to participate and profit in the real estate market. Real investors act when others can't or won't. Astute Investors don't follow the herd. They take advantage of the bargaining power of being amongst the few transactions and wait until others start reacting to the future market surge.

Udo Okonjo



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