

Investing the Profits from Your Home Based Business.

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Now that your business is up and running and you're profiting from your efforts, it's time to turn your attentions to investing the profits from your home based business wisely and for maximum gain.

One of the most consistently returning asset classes over the long term and the one that the majority of us can profit from its real estate.

Understanding market cycles

Now, you're most likely aware that property markets are cyclical – this is because there is a direct correlation between the underlying prices of real estate in relation to individual buying power. Simply explained: when property prices rise above what first time buyers can afford to pay the market slows down, stagnates and sometimes readjusts – but as soon as purchasing power increases again, either with a drop in interest rates or an increase in GDP, so property prices begin rising again.

And there are even ways to make money from real estate during a market downturn!

Investing in real estate for income

Depending on the nature of your home based business your monthly income may be slightly erratic – some months being better than others! If you invest in property assets in a buy-to-let or even jet-to-let capacity you can secure yourself a consistent monthly income which may afford you an added degree of financial security.

Buy-to-let is when you purchase property for rental purposes – this could be an apartment you corporate let, it could be a house you student let or even a family home you rent out long term.

Jet-to-let is similar but it involves purchasing overseas property for short term weekly or fortnightly rental to tourists. This type of letting is usually very lucrative indeed during peak holiday periods but may mean you have a property that is empty for a few months out of season.

Both types of property investment return you a regular income and at the same time the physical real estate asset will grow in value over the long term and if ever you wish to release the profits from your investment you can sell on the property and take the gains you have accrued.

Investing in real estate for profit

The alternative to building up a property portfolio for income generation purposes is purchasing property and selling it on relatively quickly to realize the gains the asset has accrued.

You can do this in a number of ways...firstly you can purchase run down property in need of renovation, tidy up the property and turn it into a home before selling it on at a higher price and reaping the profits gained.

Alternatively you could seek to beat the curve by buying into up and coming areas, waiting for prices to boom and then selling on for profit. This is quite a risky strategy for a first time investor as timing the market is hard!

An alternative to this is looking overseas for the latest emerging property markets worldwide and buying properties

to renovate or properties off plan and then flipping them on for maximum gains in the short term.

Financing your investment

As a self-employed individual it can be tricky to get a mortgage unless you have audited accounts, bank references etc., etc. If you don't have these entire requisite documents there are other options available to you.

The main options are re-mortgaging your primary residence and releasing the equity that you have accrued already for reinvestment in another property project or taking out a self-certification mortgage where you make a large down payment and basically tell the lender how much you can afford to borrow!

A winning attitude

You've already proved you have what it takes to succeed against the odds by establishing a profitable home based business, now apply the same steely determination to your real estate investments and you will succeed in making the maximum gains. Start small, begin gently, test the market and your understanding of it and slowly build up a profitable real estate portfolio from the profits of your home based business for maximum financial gain.

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