

Ways to Make Money from Commercial Property Investments

There are basically five different ways in which you can make money by investing in commercial real estate.

Strategy 1: Building equity.

The key way to make money in commercial real estate business is by building up equity in the property. You can do this in four ways that are mentioned below.

The first way is to buy the property below its market value. To do this you will have to do your due research, you will have to find out the needs of the buyer and you also have to be good at negotiation.

The next way in which equity builds up is through the appreciation of property. You can easily ensure that your property appreciates by maintaining it properly and undertaking the necessary repair work. It is also important to buy a property in a location that promises to grow.

The third way to build equity is by paying down debt. The key to this strategy is to try and get the lowest interest rate possible on your debt instrument.

The fourth way in which you can create equity is the time when you sell the property. You must try and sell your property at above market value and to do this you have to put in effort to find the right buyer and again you have to have good negotiation skills.

Strategy 2: depreciation of property.

You can save a considerable amount of tax as depreciation on building is tax deductible expenditure. When you arrive at the profit before tax, you are allowed to account the expenditure on depreciation of assets as an operational expenditure. This way you have to calculate the percentage of tax on a lower amount. It is however important to note that depreciation can be charged only on the building but not on land.

Strategy 3: Charging suitable rent.

It is important that the property generates enough rent so that you can easily cover the expenditure if its maintenance and can also cover the interest payment of the mortgage. But you should not stop there, it should be your goal to try and get additional rent so that you can pay off the debts and thus create equity.

Strategy 4: Attractive financing schemes for the buyer.

When you are selling your property, you can fetch a better price if you offer convenient payment schemes to the potential buyer. For example, if you allow the buyer to pay in easy installments and do not want a heavy down payment, then the buyer may be willing to pay you a higher overall price.

Strategy 5: Add value to your property.

You can add value to your property in various ways. Try and make strategic improvements in your property that will help you to increase its worth. You can also put your property to higher and better use to increase its worth.

About the Author

William King is the director of [Dubai Property & UAE Property & Dubai Real Estate Portal](#), [Pakistan Property & Pakistan Real Estate Properties Portal](#), [Canada Wholesalers & Canadian Dropshippers Suppliers Directory](#) and [Wholesale Dropshipping & Wholesalers Suppliers Trade Directory](#). He has 18 years of experience in the marketing and trading industries and has been helping retailers and startups with their product sourcing, promotion, marketing and supply chain requirements.

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