

# Finding Your Purpose as a Real Estate Investor

[On behalf of Dornish Law Offices, PC](#) | Mar 30, 2009 | [All, Real Estate Practice](#)

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In the challenging economic times in which we find ourselves, we see articles in newspapers, hear on the radio and see on TV (and always in sermons at church), others extolling us to find purpose and meaning in our lives. It is suggested that we identify ourselves too much with jobs we can lose, and with money and material possessions which result from those jobs. At the same time, we value our loved ones, friends and family, and the time we make to spend with them, as well as the time we spend doing good for others, too little.

People who have lost their jobs have found the trade off of being able to take the time for the things they would otherwise miss the opportunity to do to be the surprise reward of unemployment. But that opportunity is short lived for most, because the unemployment benefits will eventually run out, and they will have to work longer and harder at whatever job they obtain to rebuild their financial security and provide for their less productive years ahead, or what we used to call retirement.

I feel badly for these people, because they have not found a way to have their cake and eat it, too. They have not found the best of both worlds which I know from being a real estate investor. I have found a myriad of purpose in my investing, and ask you to step back and do the same. It could just help you to refine your focus as an investor, and to realize that you get more out of it than you could have imagined.

The first reason or purpose I hear from most real estate investors as to why they invest is to make more money. They have watched shows on flipping houses and seen ordinary people make a lot of money quickly by buying below market, having renovations done for below market to market labor and material costs, and selling quickly to avoid carrying charges. They want to do the same thing, and head off to make fifty or a hundred thousand dollars in a few months, so they can take that money and do something else with it. Some say they will use it to buy properties to hold long term; others want to pay for a new home, a retirement, or adult toys like boats and motorcycles.

While flipping houses or even wholesaling without renovation are ways to make money in real estate in a short period of time, these methods of investing also serve other purposes. Taking a house that is outdated and in less than good physical condition and repairing it, turning it back into a home for someone serves a purpose for our communities and society, every bit as much as the government building a bridge or repairing roads. And when real estate investors do this, we don't need stimulus funds, volunteer labor or charity to make it happen.

A little effort finding the right property to flip, some cash and some credit, some labor, some construction management, and some evening and weekend sweat and you have a property ready to turn into a new home. If you give up a small part of the profit to get someone into a home for a little less than full market value, you have the added purpose of giving, knowing the nature and extent of your gift, knowing to whom it goes, and being able to see whether they realize or squander their opportunity over time. Doing good in these ways is an undeniable purpose of investing in real estate.

I also get the personal reward of seeing the physical, tangible result of my labor and efforts reflected in a property I can stand back and be proud of, knowing the results should last for years. For anyone whose regular job is working with paper, phones or computers, and doesn't leave something you can see, something lasting at the end of the day, this can be another purpose for your investing.

If we wholesale a property, the time and effort is usually (hopefully) shorter, but we are still playing a part in the same process of improving our communities one property at a time, and helping other real estate investors to realize their opportunities, and find the right properties for their investing as well. What wholesaling gives up in the depth of purposes in each property can be made up by being involved in a smaller way with many more properties with the same time commitment.

When we buy and renovate properties for holding as long term rentals, we do all of the same things for the communities in which we buy as when we flip, but we also do much more. The improvements we make increase the tax base, and every extra dollar we pay in real estate taxes helps those communities to run and provide services to their residents. We may not live and vote in the communities where we hold properties, but we have as much or more of a stake, an interest in those communities by our investment than those who own their homes and live there.

If I own my home and live in a thriving, growing community, my family and I enjoy the benefits of our location, and eventually the increase in equity which comes from the rise in property values. Conversely, I feel the detriments which come from a declining community in the quality of my own life, and loss in equity in my home.

If I have ten rental units in the same thriving community, I quickly realize the increased rents on all ten units occasioned by the success of the community, and over time the growth in equity from increased value of all ten units. In decline, I feel the lost rents and vacancies more quickly, and the loss in property values of all ten units. I can make more of an impact on the community by renovating, improving and maintaining ten units, or by letting ten units slide into disrepair, than the owner of a single home could hope to make. My choices to buy more units, or to sell what I have can also have multiple effects on property values and “create” a market. Conversely, choices the local government makes in its tax rates, services and recreation, as well as how the municipality maintains its public spaces, can have significant effects on my bottom line.

So, getting to know and work with municipal leaders in the communities where you have property, getting them to understand the role and influence you have as a landlord in shaping and directing the future of the community, and the desire and interest you share with them in making it a better place to live can be crucial to your long term success as a landlord. Understanding and using your influence in a positive way to improve the community on which you rely for rental income, for your tenant base, and to protect and grow your equity is an essential purpose for your investing. It also has the dual object of benefit to you and benefit to the community at the same time.

Whatever type of real estate investing you do, you contribute to the economy each time you buy or sell a property, each time you employ a plumber, electrician, real estate agent or lawyer, accountant or painter in your small business as an investor. The dollars you spend are overwhelmingly received by others in the area where the property is located. Plumbers with businesses in Asia or Latin America just don't compete for your plumbing repair or renovation work in Pennsylvania. You can't move your building or land a few feet, let alone outsource the business you do around the globe, so real estate investing is at least one of the most committed, localized components of our economy.

Investing here keeps our capital, our income and expenditures ALL in our own back yards, and our economic destiny much more within our sight, influence and control than a mutual fund or any other investment we could make. Keeping my capital at home, and using it to help other local businesses is another purpose of my real estate investing.

I cannot think of another way to do as much for other people, for local communities, and businesses, all while unapologetically making money both through current cash flow and by building equity to secure my future, as by being a real estate investor. I also see that buy and hold investing is a key to my financial security and stability, and to giving me more time and money to spend more time with loved ones and doing other things I enjoy. I feel a strong sense of purpose as an investor, and it certainly is part of who I am. How about you?

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