

# Module two: Real estate course, understanding the basics | Infographic

## Education

04.06.24

We've distilled the key insights from module two of our comprehensive property investment masterclass into a convenient infographic. This visual guide covers the essential topics every aspiring real estate investor needs to know, including:

- The different types of properties to consider for investment
- Crucial financial concepts and metrics to understand
- How a new investor should approach getting started
- Evaluating your investment performance effectively
- Financing options available for property investments
- Common pitfalls to avoid on your investment journey
- Advanced strategies to explore as you gain experience

Whether you're just beginning to explore property investing or looking to enhance your existing knowledge, this infographic serves as a handy reference packed with practical tips and valuable insights.

Watch the full masterclass webinar for more information or download a copy of the infographic for your own files!

[Masterclass module two webinar](#)

[Download PDF.](#)



# Module *two*: Understanding *the basics*

This infographic provides a helpful starting point for property investing. If you find the infographic useful, make sure you watch the webinar!

## Property types:

- Residential properties:** Family homes, flats, HMO's, bungalows and more.
- Commercial properties:** Offices, retail spaces, warehouses and hotels.
- Land:** Investing requires thorough research of local regulations for promising long-term gains.
- Real estate investment trusts (REITs):** Diversification without direct property ownership.
- Fractional ownership:** Multiple investors share ownership, spreading risk while maintaining direct ownership.

## Key financial concepts:

- Return on investment (ROI):** Percentage of returns calculated by dividing net profit by initial cost.
- Cash flow:** Income or loss from investment over time, positive if income exceeds expenses.
- Yield:** Percentage showing investment return by comparing income to total value.

## New investor steps:

- Define your goals:** Outline why you're investing in property and set clear financial milestones.
- Assess your resources:** Check your budget, time and risk tolerance closely. Shaping your investment plan.
- Research the market:** Dive into property types, market trends and investment approaches.
- Seek expert guidance:** Connect with financial advisers or property investment companies for tailored advice. They offer valuable insights to help you succeed.

## Evaluate potential performance

- Gross rental yield:** Annual rental income divided by property value, showing earning potential.
- Occupancy rate:** How often your property is rented out. High occupancy means a steady income.
- Operating expenses:** Management fees, maintenance and taxes. Subtract from rental income for net cash flow.
- Appreciation potential:** Assesses property value increase over time due to location, trends and development.

## Financing options:

- Mortgages:** Borrow with property as security, deposit of 5.00% or more and monthly payments over up to 30 years.
- Other financing options:** Consider personal or business loans, partnerships or private investors based on your finances and strategy.

## Avoiding pitfalls:

- Overleveraging:** Avoid borrowing too much, it could strain finances if the property underperforms.
- Neglecting due diligence:** Research thoroughly to avoid unexpected issues like safety or legal concerns.
- Ignoring market trends:** Stay informed to make smart decisions; ignoring trends can hurt your investments.
- Underestimating expenses:** Assess costs accurately to avoid surprises; set aside funds for unexpected expenses.

## Investment strategies:

- Portfolio diversification:** Spread investments across

[Invest in TAB Property](#)

[Sign up to the masterclass series](#)

[Read the property investment blog](#)

This article is for information only and to provide people with tips and insights into property investment. It does not constitute advice or a personal recommendation.

**Capital is at risk.** Property values can go down as well as up. Borrowers may default and investments may not perform as expected. Interest and income are not guaranteed. Returns may vary. You should not invest more than you can afford to lose. TAB is not authorised by the Financial Conduct Authority. Investments are not regulated and you will have no access to the Financial Services Compensation Scheme (FSCS) or the Financial Ombudsman Service (FOS). Past performance and forecasts are not reliable indicators of future results and should not be relied on. Forecasts are based on TAB's own internal calculations and opinions and may change. Investments are illiquid. Once invested, you are committed for the full term. Tax treatment depends on individual circumstances and may change.

You are advised to obtain appropriate tax or investment advice where necessary. Understand more about the key risks [here](#).

TAB is a trading name of TAB London Limited. Registered in England and Wales with registration number: 11225821 and whose registered office is at 101 New Cavendish Street, London W1W 6XH.