



## Consider These Tips Before Purchasing Your First Vacation Rental

If you're looking to get involved with real estate, buying an investment property to use as a vacation rental is a good place to start. Not only does it provide an opportunity for you to bring in passive income, but you and your loved ones can also use the property for part of the year. Before you dive in headfirst, however, it's important to have an understanding of what you're getting into. Purchasing a vacation rental is a great opportunity, but you have to make good decisions throughout the process to get a good return on your investment.

Here are some tips to consider as you set up your first investment venture.

### **Determine Your 'Why' and 'What'**

The first thing you want to do when purchasing a vacation rental is to determine why you want the property and what you expect from it. Come up with a realistic end goal by factoring in your current financial standing. Consider whether you want the property primarily for your family or for renting out. Also, consider when you are planning to retire and whether you will need instant

[cash flow](#) or can allow time to build cash flow. Moreover, review your portfolio to determine if you should [diversify](#) to put yourself in a better position.

## **Go Through Pre-Qualification**

There's one step you can take that will automatically show you what kind of property you can afford: [getting pre-approved](#). In order to pre-qualify, your [credit score](#) must be at least 620, you must have six months' worth of savings, and you must be able to pay cash for a down payment. Additionally, you also must prove that you have worked for the past two to five years, depending on whether you are an employee or self-employed.

## **Plan on Hiring a Rental Management Company**

Another important part of planning to purchase your investment property is thinking about how you will manage it. If you don't keep the property [well-maintained](#), you won't have renters for very long. That's where a vacation rental management company comes in. If you hire a management agency such as Turnkey, your property will be professionally cleaned each time a guest leaves, you will get [round-the-clock support](#), and you will be kept in the loop with all your bookings.

## **Prioritize Location**

The [location](#) of your property is paramount, as it will determine how successful your property turns out to be. For example, if you purchase a property that sits amid natural attractions (e.g., beaches, mountains, lakes), you will stand a greater chance of keeping it rented out. National parks are also a big draw for vacationers. Moreover, you want to make sure your vacation rental has plenty of amenities and activities nearby that appeal to all ages.

## **Get a Mentor**

Finally, to help the entire process of buying your first vacation rental go more smoothly, try to [find a mentor](#). Ideally, your mentor should be another landlord who has plenty of experience with vacation properties in the area you're considering. Ask them for advice every step of the way, and inquire about any mistakes that they've made so that you can avoid making the same ones.

However, it's also important to consider that every landlord has their own biases that stem from their personal experiences and goals. Therefore, you want to make sure you learn investment strategies from other sources to get a full spectrum view.

As long as you prepare and make good decisions, purchasing an investment property can be the perfect introduction to real estate. Make sure you're clear on why you want the property and what you expect from it and get pre-approved to figure out what you can afford. Also, plan to work with a rental management agency, pick a location that will appeal to vacationers, and find

a mentor to help you through the process. There's a lot that goes into buying and managing an investment property, but the rewards can make it all worthwhile.

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