

7 Simple Steps

to Become a

Real Estate Developer

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Introduction

Becoming a real estate developer is actually a simple process. The key word being simple. By no means, is it easy. It takes a lot, and I do mean a lot, of hard work, consistency, and tenacity. It involves spending hours looking for deals, potentially, getting none, and still pushing forward. It involves getting hit with obstacle after obstacle and still getting back up.

At the same time, it is also very fun and very rewarding. As a real estate developer, you build communities and shape neighborhoods. You add value to an area, and literally create the spaces within which people can live, work, and enjoy their lives. Without real estate developers, Los Angeles and Southern California would not be the beacon of hope and opportunity that it is for so many people around the world.

Because I am so passionate about real estate and development projects, I've put together this quick guide on the 7 simple steps you can take to become the real estate developer and investor you desire to be.

Getting Started

Before diving into though, let's first make sure we're on the same page as to what it means to be a real estate developer. A real estate developer is a business professional who acquires property on which they plan to build, renovate, or develop real estate projects of greater value. Real estate developers can be your conventional 'flippers' who buy a home at a reduced price, make repairs, and re-sell it at a higher value. Developers can also include those who buy and hold property in anticipation of a higher value due to changing demographics or upcoming local development. Additionally, I like to include real estate individuals who buy property to build apartment buildings, retail spaces, or even commercial offices.

Now, let's jump into the fun stuff.

Step 1: Pick Your Niche

The first step in becoming a real estate developer may sound corny, but it is very critical: you must first select your niche, specifically deciding what types of properties you will specialize in, and what value you will add to them. In completing this step, you will have to look inwards and honestly assess with yourself where you want to be dedicating hours of your time, effort, and energy. Ask yourself critical questions like:

- **What skills do you possess that you bring to the table as a real estate developer?** Are you a licensed contractor, are you a real estate agent, are you the numbers guy, or do you have an eye for design that you want to let shine?
- **What part of the work seems most appealing to you?** Do you want to spend most of your time hunting for the deal, or do you want to spend most of your time on site and working to get a project built from the ground up?
- **What geographic areas do you personally want to work in?** If you live on the Westside, will you really want to commute 2 hours every day to a project in Long Beach when you are just starting out?

This is not to say that this will be your niche forever, by any means. There are many, many, many developers that start out rehabbing residential homes and work there way up to building high rise office buildings.

However, when you are just starting out you simply do not have the time or money to do it all. By getting hyper focused on your niche, you avoid wasting hours chasing every opportunity or every deal that comes your way, and more time getting really good at what you do, so that you can earn money in a more straightforward timeframe.

Step 2: Build Your Team

The next step is single handedly the most important one you will take on your journey to become a successful real estate developer, especially in Southern California. You will need to build a strong and capable team. Referring to the niche you selected in Step 1, build a team of professionals around you to tackle the activities that you have absolutely no interest or business doing. For example, if you are not a contractor, but decide that building duplexes across the city is going to be your specialty, find a contractor to work with, who is consistent, provides quality work, and trustworthy. If you have no desire to be buried in all the paperwork involved in a real estate transaction, work with a real estate broker who can make the process seamless for you. The key is to step back from doing it all, and delegating what you can't do to the experts.

The most successful real estate development teams typically include the following professionals:

- Contractor
- Real Estate Broker/Agent
- Architect and Engineer
- Property Manager (depending on your niche)
- Executive or Virtual Assistant
- Escrow Officer
- Title Officer
- Inspector

- Lender / Financier

Building a team around you enables you to reach your highest potential as a real estate developer that much faster, because you can stay focused on the parts of the process that you're good at and that you like.

Step 3: Secure Your Financing

The third step to becoming a real estate developer is securing money to finance the purchase and construction of your projects (e.g. the properties that you develop).

Typically there are two ways that you can secure the necessary funds: the first is to find a wealthy individual or group of individuals (parents, family, friends, other seasoned real estate investors, etc.) to invest with you.

Someone who believes in you and is willing to put their money at risk for your first project.

The second, and most common, is to seek some type of real-estate-developer-friendly financing, which typically are hard money loans. Unlike conventional banks, there are many hard money lenders that specialize in working with real estate developers to provide them funds to get started. Invest the time early on to connect with, learn, and select an ideal hard money lender you'd want to work with.

Additionally, know that contrary to what the late-night infomercials will tell you, becoming a successful real estate developer requires you to put in your own money as well. While an investing partner or lender will be able to finance a majority of the project, there will still be a significant percentage of your own funds that you will need to bring in. Have discussions early on with your lender or partner investor to understand how much money you will need, and then prioritize taking the time to save this up.

Step 4: Purchase Your First Project

The next step in becoming a real estate developer is to actually find and purchase your first property. Going back to Step 2, work with your real estate broker to find the right property for your first project.

In today's climate, there is a lot of competition, especially when you are just starting out as a real estate developer, so you and your broker will need to be creative in order to stand out.

Additionally, with each property that you come across, make sure to build an individual plan that outlines what you will develop, how much it will cost to build, and how much you estimate to make once the property is sold. It

may sound tedious, but the single biggest mistake developers make is buying the wrong property. They may buy a property where the law prohibits them from building, or they buy a property with significant issues which causes ‘surprises’ in the budget, or they simply fail to properly plan out their expenses, and go into the red when they decide to sell the property.

Having a plan prior to the purchase of your first project is an invaluable tool to keep you on the path to achieving your financial goals for your first project.

Step 5: Develop the Project

The next step in becoming a real estate developer is to take the property that you have just purchased, and start developing it. This is where your full creativity and passion for real estate development can truly shine.

Whether you are renovating a space, or doing an addition or doing ground up construction, at this stage, it is important to prioritize providing quality materials. Get into the habit early on of being the real estate developer that provides quality work. Crooked paint lines, bubbles in the ceiling, uneven floors, windows painted shut, cheap materials, or poor curb appeal will not only set you back when you go to sell the property, but will set you back on your journey to become a successful real estate developer.

Remember, your role as a developer is to add value, so it's important to pay close attention to detail in the development of your first project.

Step 6: Be the Flexible Seller

Once the construction work on your project is completed, you'll list it on the open market, and next comes another key step to become a successful real estate developer: being a flexible seller.

I can not emphasize enough how important it is on your first project, especially, to be flexible. Keep the property clean and easy to show. Consider all offers the first time. Now is not the time be like the stingy developers you see on *Million Dollar Listing*. Listen and take into consideration any and all feedback that you're getting, these are your potential customers after all.

Being a stubborn seller on your first project, can be fatal. While it may feel good to hold out for your specific number, just know that that comes at a cost. Each month you wait is more money you have to shell out for the loan payments, the gardener, the handyman, the cleaner, and nothing is coming in.

When you're flexible, transactions can close more quickly and you can achieve your financial goals for a project.

Step 7: Repeat!

The last step in becoming a real estate developer is to repeat the process. You may be surprised to hear this, but this step is single handedly the defining line between being someone who pulled off one real estate project versus someone who is a real estate developer. The reason is momentum.

You have your team, you have your first project under your belt, and now you know how the entire process works. You've done most of the heavy lifting, and now the key is to keep the system you have rolling.

Review what you've learned on your first project: what improvements could have been made, what you would have done differently. Make the adjustments and keep going!

The best part of Step 7 is that as you begin to complete more projects, you will begin to build a brand for yourself and a reputation within the local community. At which point deals will start coming to you, and people will be attracted to sell to you or work with you. Your real estate development

business will only grow as you keep repeating these steps, and soon you will achieve the success you are looking for.

Closing

There you have it. You now know the 7 very simple and very manageable steps it takes to become a real estate developer from selecting your niche and building your team and to developing your team and selling your first real estate project.

As you begin to take these steps and apply them, just remember that you're not alone. To receive initial guidance on any of these, feel free to reach out to me directly contact@dominiquehiggins.com. I can't emphasize enough how rewarding it is to work with individuals just starting out and grow them into successful real estate developers and professionals.

About Dominique

Dominique Higgins is a Southern California based real estate broker specializing in working with real estate investors and developers. Her services include broker representation on the purchase and sale of properties, strategic consulting, and (construction) project management services.

Born into a family of real estate agents, contractors and developers, Dominique brings a high level of passion, dedication and experience when working with clients. After graduating, Summa Cum Laude, from the University of Notre Dame in Indiana, Dominique joined her mother's boutique real estate brokerage, where she gained incredible exposure to construction, financing, and development. At that time, she also began her own real estate development projects, and hit the first one out of the park with a 5x return.

After gaining her broker's license in 2019, she continues to work with the same team with over 30+ years of real estate development experience, helping investors and developers achieve their goals to create add-value developments for resale; build spec homes; or construct multifamily apartment buildings and transit oriented developments.

"My mission is simple: help you grow to your fullest potential in real estate." – Dominique Higgins