



#### **Fact 1**

##### *Choosing a property for rent*

Most potential buyers, when considering buying an apartment or a house in any country, usually take several factors into account when making their choice, including the potential of the property for rent.

#### **Fact 2**

##### *Purchase of real estate for rent*

When deciding on the purchase, the potential buyer chooses his property, usually succumbing to emotions, and most often marketing slogans, prepared by experienced specialists and bearing the slogans: "Guarantee of rentals" or "Guaranteed rental".

#### **Fact 3**

##### *Purchase decision with rental guarantee*

Every thinking investor, whether by investing in his own company, playing on the stock market or investing in real estate, wants the funds invested by him to "work for himself" and generate profits, which is as natural and understandable as possible.

After all, who would not want to invest their own, as if there were no savings, multiply them many times, generating, apart from return on investment, considerable profits.

#### **Fact 4**

##### *Profits from rentals*

Often the decision to buy a property is preceded by our own analysis of the strengths and weaknesses of a given property as well as calculations and estimates of potential profits.

Here, we most often assess the competitiveness of the purchase price, the possibility of a quick resale, transaction security and the potential of a given property, taking into account the potential profits, if we decide to rent.

It is true, after all, that there are real estate owners who earn on it by renting their house or apartment, and their real estate sometimes generates quite a lot of profits, so how to do it to also earn?

#### **Fact 5**

### *Companies offering a purchase with a rental guarantee*

The answer to the question of how to do it in order to buy and not make money, and also earn it, therefore comes to mind itself, i.e. to buy a property and with a rental guarantee in a company that guarantees that it will rent our property, and we will give it can earn it, while gaining profits in the form of covering all the costs of maintaining our property, and accumulating the surplus, as quite a lot of profits, but...

### **MYTH**

#### *Rental guarantee, like Perpetuum mobile*

Time to face the truth...

Usually, every new and inexperienced Investor imagines that he will buy a given property and hand it over to the management company and will periodically check his account, checking how quickly the invested capital returns and how much profit our property generates, but...

Before we succumb to our emotions and report to someone who will guarantee the rental of our purchased property, let us honestly answer a few questions below:

1. Who thinks logically, is able to predict the rapidly changing social and economic conditions in the world, even in a given country of our choice?
2. What will happen with the rental guarantee in the event of unfavorable economic conditions or other random events, such as the outbreak of war in the region in which we are the owner of the property?
3. If I built or built my own hotel, or an apartment building or at least a house with funds borrowed from a bank or even from my own funds, and later wanted or wanted to sell such property, would I be or would be able to guarantee a profitable rent to the new buyer?

The answers to the above questions always come down to one conclusion:

Any rental guarantees can be "put into fairy tales"!

#### 4. But why?

Namely because:

As of today, there are no companies anywhere in the world that would guarantee rental in any way, and those really few developers who still "guarantee" us a rental, simply have a guaranteed period and the amount of rental income included in the sale price at the beginning, and thus the customer, when buying such a property with a rental guarantee, definitely overpays the market value of a given property, deluding at the same time that the developer will pay the guaranteed profits during the guaranteed period for the actual rental.

#### **Caution:**

Even if someone guarantees us a rental in writing (although most often with a very short warranty period), there are undoubtedly such factors and circumstances that, regardless of the good will and sincere willingness of the declaring a rental guarantee, have a huge impact on the issue of the implementation of these rentals and related with enormous risk.

After all, the rental opportunities for a given property, even if its standard, location and purchase price, are exceptional, and the declaring person has long-term contracts with tour operators and travel agencies, the realization of rentals is in fact conditioned by many independent and sometimes unpredictable factors, such as sudden unavailability of cheap air connections, changing meteorological conditions in a given region, sudden lack of availability of alternative land and / or sea connections, sudden and unexpected changes in the political and / or economic conditions of a given country, sudden restrictions related to the outbreak of an epidemic and / or pandemic in a given country area, and even the suddenly changing financial condition of a given tour operator or travel agency. It is enough to take a look, for example, at real estate offers from Egypt, where real estate prices are still very attractive, and even some developers have declared a rental guarantee, but due to many risks, a different culture, a decreasing number of cheap flights, and more and more limited Due to this fact, the offer of travel agencies, the preferred destinations for leisure and / or investment in real estate by us Europeans have changed and naturally focused their attention on other European Union countries, such as Bulgaria and real estate from Bulgaria, which is in

the European Union, and property rights The acquired real estate is protected, as in other EU countries, and travel agencies have more and more holiday offers at increasingly attractive prices.

Bearing the above-mentioned circumstances in mind, it can be stated with full responsibility that even those developers in Egypt who once guaranteed to buyers profits from renting the purchased apartments, today have a big problem with fulfilling the warranty for their, unfortunately already dissatisfied customers. they are becoming increasingly insolvent.

## Conclusion

### *Final conclusions*

Summing up, it can be assumed that:

Purchase of real estate at a bargain price and its rental are perfectly justified and worth the risk, but succumbing to the deceptive promises of a rental guarantee, for every logically thinking investor, should not be taken into account, because no one can guarantee now or even more so in the future rentals, because the seller is not a fairy and does not know what will happen tomorrow.

Well, unless the seller is a fortune teller, but also here it is worth taking into account the fact that many predictions and, for example, the end of the world have already been behind us in the last dozen or so years.

So let`s not be naive and buy wisely, using only the services of experienced, reliable and proven experts in many real estate markets around the world.

Team of ILS POLAND GROUP

Also read:

<https://en.ilspoland.com/news/when-you-invest-in-real-estate-be-careful-when-you-hear-the-rate-of-return-260>



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