

Real Estate Investing for Beginners — Workbook

This workbook turns the course into action. You will pick your investing path, calculate cap rate and cash-on-cash return on real listings, run the house-hack numbers, and underwrite a complete deal from rent to offer. Work through one section per module, and use the templates to analyze and compare properties the same way every time.

The Landscape: How People Actually Make Money in Real Estate

Identify the four returns, compare investing paths, and choose the level of involvement that fits your capital and goals.

Exercise: Map Where Your Return Comes From

Pick any rental listing online and write down a rough estimate for each of the four ways it could pay you over one year: cash flow, appreciation, loan paydown, and tax benefits. The goal is to see that price is only one piece of the return.

- What is your rough estimated annual cash flow after all expenses, and how confident are you in it?

- If the property appreciates 3 to 4 percent, how many dollars is that in year one, and how certain is it?

- Which of the four returns are you most tempted to over-rely on, and why is that risky?

Worksheet: Investing Path Self-Assessment

Be honest about your situation so you choose a path you will actually follow. Fill in each field to compare REITs, funds, and direct ownership for you right now.

Cash available to invest today

Hours per month you can realistically give to real estate

Do you actually want to be a landlord, yes / no / not sure

Liquidity needs: could this money be locked up for years, yes or no

Best-fit starting path for now (REIT / fund / house-hack / direct rental) and one sentence why

Checklist: Module 1 Completion Checklist

- Listed the four ways real estate pays and which one I will buy for
- Compared REITs, funds, syndications, and direct ownership
- Looked up one REIT or real estate ETF and noted its yield and what it owns
- Decided whether I want to be a landlord or stay passive
- Chose a starting path that matches my cash and time

Rental Property Math: The Metrics Every Investor Uses

Build a full expense list, then calculate cash flow, cap rate, and cash-on-cash on a real property and screen it with the rules of thumb.

Worksheet: Full Expense Estimator

Choose a real listing and fill in every monthly expense, including the ones beginners forget. Use percentages of rent for vacancy, repairs, capex, and management. The total is what the property really costs to operate.

Monthly rent (conservative estimate)

Mortgage principal and interest

Property taxes and insurance per month

Vacancy reserve (about 5 to 8 percent of rent)

Repairs and maintenance (about 5 to 10 percent of rent)

Capital expenditures / capex (about 5 to 10 percent of rent)

Property management (8 to 10 percent of rent, budget even if self-managing)

Any utilities, HOA, lawn or snow the landlord pays

Total monthly expenses and resulting monthly cash flow

Exercise: Calculate Cap Rate and Cash-on-Cash

Using the same property, compute net operating income, then cap rate and cash-on-cash return. Cap rate is annual NOI divided by price; cash-on-cash is annual cash flow divided by total cash invested.

- What is the annual NOI (rent minus all operating expenses, not counting the mortgage)?
 - What is the cap rate (NOI divided by purchase price), and how does it compare to other listings in the area?
 - What is your cash-on-cash return (annual cash flow divided by your down payment, closing costs, and initial repairs)?
 - Does the cash-on-cash meet a target you set in advance, such as 8 to 12 percent?
-

Worksheet: Quick-Screen Worksheet (1% and 50% Rules)

Run three listings through the two rules of thumb so you can filter fast. The 1% rule checks rent against price; the 50% rule estimates expenses at half of rent.

Listing A: price, rent, rent-to-price percentage, passes 1% rule yes/no

Listing B: price, rent, rent-to-price percentage, passes 1% rule yes/no

Listing C: price, rent, rent-to-price percentage, passes 1% rule yes/no

For each: half of rent minus expected mortgage equals rough cash flow

Which listing earns a full analysis and which you can reject now

Checklist: Rental Math Checklist

- Listed every operating expense including vacancy, capex, and management
- Calculated monthly cash flow on a real property
- Computed NOI and cap rate
- Computed cash-on-cash return on my actual cash invested
- Set a personal minimum cash-on-cash target
- Screened at least three listings with the 1% and 50% rules

House-Hacking and Low-Money-Down Strategies

Find a house-hack candidate, calculate your real living cost and its rental performance, and weigh low-cash strategies.

Exercise: Find a House-Hack Candidate

Search for a two-to-four-unit property, or a single-family home with a basement or spare rooms, in your area. Look up owner-occupant financing so you know your likely down payment.

- What is the price of your candidate and the estimated rent for the units or rooms you would not live in?

- Using an FHA loan at 3.5 percent down, how much cash would you need for the down payment?

- Do you meet the basic requirements, such as living there at least a year, to use an owner-occupant loan?

Worksheet: House-Hack Two-Way Analysis

Analyze the candidate twice: your out-of-pocket cost while you live there, and its cash flow once fully rented after you move out.

Total monthly payment (mortgage, taxes, insurance, mortgage insurance)

Rent collected from other units or rooms while you live there

Your out-of-pocket housing cost while living there (payment minus that rent)

What renting a comparable place would cost you, and your monthly saving

Gross rent if fully rented after you move out

Cash flow when fully rented (gross rent minus reserves and the full payment)

Worksheet: Low-Cash Strategy Comparison

Briefly assess which lower-capital strategies could fit you, so you have more than one route if a big down payment is the obstacle.

Renting by the room: would your candidate earn more rented by bedroom than whole, estimate

Partnering: do you know anyone with capital who might team up, and what you would bring

Live-in flip: could you live in and improve a fixer, and do you qualify for the capital gains exclusion

BRRRR: are you ready for renovation risk, or should you master a standard rental first

Checklist: Low-Money-Down Checklist

- Identified a real house-hack candidate property
- Looked up FHA and conventional owner-occupant down payment requirements
- Calculated my out-of-pocket living cost as a house-hacker
- Re-ran the property as a full rental after moving out
- Compared at least one other low-cash strategy
- Decided whether BRRRR is too advanced for me right now

Analyzing Your First Deal Start to Finish

Estimate rent accurately, build a complete deal analysis, compare candidates, and plan your financing and first offer.

Exercise: Triangulate the Rent

Pick one property and pin down its true rent from at least three sources. The rent number drives your entire analysis, so get it right and stay conservative.

- What rent do comparable active listings on Zillow and Apartments.com suggest?

- What do the Zillow Rent Zestimate and Rentometer show, and how do they compare?

- What did a local property manager (or a careful estimate) say it would actually rent for, and what conservative number will you underwrite with?

Worksheet: Complete Deal Analysis

Run your property through a full analysis using a free tool such as the BiggerPockets rental property calculator or your own spreadsheet. Record the inputs and the three key outputs.

Purchase price, down payment, interest rate, loan term, and resulting mortgage payment

Closing costs plus upfront repairs, and total cash invested

Conservative monthly rent

All operating expenses: taxes, insurance, vacancy, repairs, capex, management, other

Outputs: monthly cash flow, cap rate, cash-on-cash return

Decision: does it meet your return target under conservative numbers, yes or no

Worksheet: Financing and Offer Plan

Plan how you will fund the purchase and what you will offer. Your offer price comes from the analysis, not the asking price.

Owner-occupant or investment financing, and your expected down payment percentage

Three lenders to get quotes from (bank, credit union, mortgage broker)

Your maximum offer price, the highest at which the deal still meets your target

Contingencies you will include (inspection, financing)

Your walk-away point if the numbers or inspection do not hold up

Checklist: First-Deal Readiness Checklist

- Triangulated true rent from at least three sources
- Estimated expenses using local taxes, insurance quotes, and reserve percentages
- Ran a complete analysis producing cash flow, cap rate, and cash-on-cash
- Stress-tested the deal against lower rent and higher vacancy
- Got pre-approved or talked to at least one lender
- Set a maximum offer price driven by the numbers and a clear walk-away point

Your Action Plan

1. Choose your starting path, REIT, fund, rental, or house-hack, based on your available cash, time, and whether you want to be a landlord.
2. If going passive, research one REIT index fund or ETF and note its yield, holdings, and which account to hold it in for tax efficiency.
3. Set a personal return target, such as a minimum cash-on-cash of 8 to 12 percent, before you analyze anything, so the math decides.
4. Build or open a deal analysis tool, the BiggerPockets calculator or your own spreadsheet, and learn every input.
5. Analyze at least ten real listings using cap rate and cash-on-cash so reading the numbers becomes fast and natural.
6. For each candidate, triangulate the rent from three sources and estimate every expense conservatively, including vacancy, capex, and management.
7. Screen quickly with the 1% and 50% rules, then fully underwrite only the few that pass.
8. If using a house-hack, analyze it both as your home today and as a full rental tomorrow, and confirm the financing you qualify for.
9. Get pre-approved by shopping at least three lenders so you know your budget and can move fast on a good deal.
10. When a deal clears your target under conservative numbers, set your maximum offer from the analysis, include inspection and financing contingencies, and be willing to walk away.

