

Investing In A Tiny House - A Worthwhile Endeavour?

If you're a real estate investor, you're always on the hunt for new investment opportunities. On the other hand, If you're a small family just looking to have a roof under your head that you actually own, the best bang for your buck is what you're after. Regardless of the category you belong to, chances are you've stumbled upon the latest housing market trend – tiny homes. Are they worth investing in? Let's dig in.

Many refer to the tiny home trend as the “Tiny House Movement,” as it's all about downsizing to a simpler lifestyle and the belief that people should be able to afford their properties. This real estate trend is rapidly expanding around the world and hasn't slipped under the radar of real estate investors.

Ask Yourself The Following Questions:

- *Am I sick and tired of living in someone else's property and paying rent every single month?*
- *Is owning a property much more important to me than it's size?*
- *Do I have the financial ability to invest in a home?*
- *Am I ok with taking a small risk in real estate and possibly increasing my money's worth?*

If you answered yes to all or most of these questions, then jumping on the tiny house bandwagon may be a great option for you.

Tiny homes can be an excellent investment opportunity when done right, and buying one may be a smart way to make money in real estate.

Today, we'll take a closer look at tiny houses, why you should consider investing in these types of investment properties, as well as what to keep in mind before you get started. But first, let's go through some essential points on tiny homes you should be aware of.

What Is The Tiny House Movement?

The tiny home movement is focused on downsizing your residential property and the belief that one should be able to afford a home. Tiny homes vary in scale from a modest 100 square feet space to a more "spacious" 500 square feet property.

The tiny house market has developed from a quirky idea to a serious endeavor. Many people, especially Millennials, are following the footsteps of those who have already made the leap of faith, and who gladly share details about their cozy lives in their tiny homes. There have also been documentaries and docuseries on the tiny house movement. Plus, news articles and websites devoted to tiny housing and its inhabitants are popping up daily. People can even learn how to design their own tiny homes at designated workshops.

In a nutshell - tiny homes are gaining traction and becoming a big thing in the real estate world.

2 Major Investment Opportunities In The Tiny House Market.

One great way to profit from tiny homes is by building and selling or renting them out. Small properties can obviously be built for less than large estates, and profits can be higher. Not just that, constructing such properties requires fewer permits, and usually only takes a few weeks to complete. Plus, most tiny houses are portable, which means they can be built and transported to any location the buyer chooses to live in.

Another way to make money from this growing market is by renting land to tiny homeowners. This can be an easy way to bring in monthly income if you have the capital, but lack the time. Tiny houses are eco-friendly and energy-efficient, so electricity and water use would be minimal.

Pros of Purchasing a Tiny House as an Investment

Now that you know a bit about how you could profit from the tiny house trend real estate market, there are a few important benefits of buying these properties we'd like to expand on.

1. Tiny Houses Are Affordable

Since tiny properties are obviously smaller in size, they are naturally more affordable. Current tiny house pricing trends suggest that the price of purchasing a tiny house ranges from \$10,000 to \$40,000. Location, renovations, overall size, number of rooms, presence of a yard, and water access are all factors that play a role in determining the final price you'd pay. Due to the associated lower costs, buying a tiny house as an investment property is a viable option for first-time homeowners who can't afford to purchase a traditional investment property.

In addition, if you're not the type who likes to buy properties, but rather have your own footprint on the final product, constructing a tiny house of your choice is both an inexpensive and easy option. According to several sources, the average cost for getting a 200 sq. ft home in the United States ranges from \$25,000 to around \$35,000. In contrast, the average cost of building a new house is said to be \$292,000. When you add the reduced costs of insurance, electricity, and maintenance into the equation, tiny investment properties become much more appealing.

2. Maintenance Is Easy

Tiny homes are much easier to self-manage without any additional help. Smaller spaces need less time to maintain, renovate, clean and move. You won't have to think about unexpected costs for significant repairs like replacing a roof or fixing a pool. Plus, you can easily save a great deal of money on utility bills, like heating and electricity,

because tiny homes provide a lifestyle that is both electricity conservative and cost-effective.

3. More Units & A Bigger ROI

If you add the above-mentioned benefits into the equation, you'll get yet one more important reason to consider investing in tiny homes. Since this type of real estate property is inexpensive, simple to manage, and in high demand, it's ideal for creating a profitable RA investment portfolio. To put it another way, you could buy a couple of tiny houses and see profit coming in a relatively short amount of time. Compared to conventional investment properties, small homes yield higher returns.

You could, for example, buy a ten-unit multifamily home and wait a few years before buying another. On the flip side, you could buy a tiny house, sell it, and ultimately reinvest in another property in just a couple of months! You could also buy a couple of cheap tiny homes for sale and rent them out to generate numerous rental income streams! After a few years, you'll have a higher yield and a more significant real estate portfolio than if you had invested in multifamily housing.

Cons Of Investing In A Tiny House

Just like most great things in life, there are always a few negatives involved. However, when one is properly prepared in advance, this shouldn't be too much of a headache.

1. Legal and Regulatory Issues

The tiny house movement is only in its infancy. Add the fact that both tiny houses on wheels and tiny houses on foundations have the same name, and you've got yourself a slew of legal and regulatory issues that homeowners must tackle to ensure that their tiny homes comply with state and local laws and building codes. Learning what you need to know about your field can take time, so don't expect everything to come easy. Especially not in your first rodeo.

2. There is No Long-Term Assurance

Although the tiny house movement may seem to be the next big thing in the housing industry at the moment, it is far from certain to last. Remember that tiny homes have just recently become popular, and much of this is due to reality TV shows popularizing the movement. When it comes to real estate, you never know what tomorrow brings.

3. Tiny Homes Are... Yeah, Tiny.

That's part of the deal. Tiny homes aren't going to provide you that dream 3-storied Villa on the hills. It's not going to be able to house a family of 8, and it's certainly not going to provide an option for a fitness or gaming room. Tiny homes are just that, tiny. You'll need to know exactly what you're getting into before you close the deal. Make sure the size of your home meets your current and future needs.

Conclusion - A Tiny Home Can Be Your Perfect Real Estate Option

As the tiny house movement gains momentum, so does its credibility as a sound real estate investment opportunity. At the end of the day, though, you're going to be the only person who can decide whether or not this real estate variant is a viable option for you. Go over the advantages, the disadvantages, ask around, visit a few tiny houses, and see if you'd like one of these to be your own. Regardless of what you ultimately decide, you've already taken one step forward in the real estate world!