**MY ADVICE TO MILLENNIALS: 4 STEPS TO BECOMING A REAL ESTATE MILLIONAIRE**

Auction.com

I’ve been reading on the Internet lately that most Millennials , those between 23 and 38 years old, say they would like to [buy a home “someday.”](https://cnb.cx/2MBWoCm) I talk with Millennials all the time, and some of them earn much larger salaries than I ever did. But most have no money saved, lots of debt, and can’t seem to make ends meet, even if they’re living with their parents or with roommates in a new apartment.

If you ask them how to become a millionaire, they may tell you to buy a lottery ticket or inherit money from some rich uncle with a huge real estate property. But neither of these scenarios are likely to happen. There’s a much better strategy on how to get rich investing in real estate.

For hundreds of years, buying real estate has been one of the best ways to accumulate wealth. Sure, we’ve seen real estate boom-and-bust cycles in recent decades, but over time, owning real estate has made thousands of people rich in every part of the United States.

All in all, it took me 51 years to be a real estate millionaire. But it only took me 11 years from the day I bought my first home! If someone had taken me under their wing when I was 25, I would likely have become a real estate millionaire much sooner. The only financial advice I ever received was “save your money in the bank, and one day you can buy a house.”

So let me share some lessons with you I wish someone had taught me at age 25. Some Millennials may not want to hear the million-dollar business advice I’m about to give them for free, because it involves a bit of self-discipline and even some sacrifice.  But years from now, those who will follow these steps will have accumulated great wealth while most of their peers are still struggling.

**1. GET OFF THE DEBT MERRY-GO-ROUND.**

Nothing keeps you poorer for decades than getting into debt to buy depreciating toys like new cars, cell phones, electronics, and boats.  Not only that, but [running up charges on your credit cards](http://nypost.com/2017/08/05/millennials-dont-know-how-credit-cards-work-survey/) will lower your credit score. [A credit score above 700](http://www.auction.com/blog/calculating-credit-scores/) is what you’ll need to get the better loan rates. Credit scores below 700 will cost you more money throughout your lifetime.

Also, you don’t really need to buy a brand-new car; an older car can get you from point A to point B just as well.  Research the most dependable older cars, such as the Honda Accord. For $6,000–$8,000, it will probably last you nearly as long as the new car for which you’ll pay $20,000 or more.

If you simply must have a newish car, buying one that’s two or three years old is the best choice, so at least the first fool pays the biggest chunk of the depreciation. And if the person you’re dating laughs at your 2004 Honda Accord because it’s not cool, he or she isn’t the right person for you anyway!

**2. SAVE 15–20% OF EVERY PAYCHECK, AND PAY YOURSELF FIRST.**

Most twentysomethings spend a big percentage of their paycheck on weekend fun, pay their bills with the rest, and then have nothing left over to save or invest for many years. Ten or 15 years later, they’re still doing the same thing, and have nothing to show for all of those years of working. Pay yourself first, then pay your bills, and *then* you can use what’s left over for “fun.” Nothing left over? Cut your bills, or find a way to earn more money.

**3. SAVE AT LEAST $5,000–$10,000, AND THEN STOP RENTING (OR LIVING WITH YOUR PARENTS), AND BUY YOUR FIRST HOUSE.**

If you’ve been in the military, take out a zero-down VA loan. Otherwise, take out an FHA loan with 3.5% down, or a conventional loan with 5% down. Look for a [foreclosure](http://www.auction.com/residential/foreclosures_at/single-family_pt/) or [short sale](http://www.auction.com/residential/short-sales_at/) that has some start-up equity in it.

Fix it up as best you can (you may have to forego saving in order to do this), and live in the house for no more than a year or two. What’s that, you’re not handy? YouTube has great videos on how to fix almost anything for which you don’t need a contractor (in other words, everything except a roof or electrical system). After your rehab, [sell the house and use the profits to finance your next home](http://www.auction.com/blog/tips-for-flips-4-ways-to-boost-your-profits/), again looking for a distressed property with equity.

An alternative: Live in the home until it’s rehabbed, and then rent it and buy another primary residence property.  This is a bit more difficult because you have to save money while making repairs and may really involve some sacrifices. Skip the $5 Starbucks latte and buy your new coffee from the convenience store. Take a bagged lunch to work, rather than dropping $8 or $10 every day at the local cafe. Forego the clubbing on Saturday night for a fun evening at home with friends or your significant other.

**4. REPEAT STEP 3.**

Repeat the formula several times over the next decade. Sure, it involves frequent moves, but it’s far easier to do that when you’re single and don’t own much, than after you’re married and have children who are yelling at you for moving them away from their friends.

By continually flipping or renting the homes you live in, your net worth will probably hit the $1 million dollar mark within another 10–15 years and you can continue to get rich in real estate, while everyone else you knew at age 25 is still plodding along with little to nothing in the bank.  With some perseverance, you may even have these real estate properties paid off while you’re still in your 40s and have a great new income stream coming in every month.

And that, my Millennial friend, is how to make millions in real estate while you’re still young enough to enjoy the money!