**I want to have passive income. Which property to invest in Ukraine?**

05/05/2021

*Investing in real estate is one of the most profitable ways of passive income. Since the beginning of 2019, the price of an apartment in Kyiv in dollars has increased by almost 10%. In 2018, the volume of investments in real estate became a record for the last decade. Pelekh Estate has figured out where it is better to invest in order to make a profit.*

**Purchase of real estate in the initial stages of construction for resale**

This model is popular on the market, as the profitability of it is about 30% of the invested amount. The only point is not to be afraid to invest already at the foundation stage. And then forget about this money for several years until the price per square meter increases.

For example In Kyiv outside the center, the price per square meter can start from $800, and in the center from $1,500.

When investing in the early stages of construction, it is necessary to thoroughly study the market, the history of the developer, and get to know yourself with future construction projects in the selected area.

**Buy an apartment for rent**

This option is most suitable for those who did not have time to invest in the "jam phase" or are in no hurry to make a quick profit. The rental is suitable for investors looking for long-term passive income. Here are the pros and cons:

against:

• in the new apartment you need to spend money on repairs,

• unforeseen situations may arise during repairs — which are unnecessary worries and expenses,

for:

• permanent passive income,

• then the apartment can be sold with huge advantage.

An apartment outside the center, but in a prospective location with good infrastructure, will cost the investor cheaper, but its rent will also cost less. Such an investment will return in 8-10 years. Ultimately, when the residential complex grows and shops, offices, gyms are built around it, such an apartment will only become more expensive and can bring even more income than a regular resale.

**Buying an apartment from the old housing fund for rent**

It is absolutely not worth counting on the successful sale of an apartment from the old housing fund after 5 years. Over time, such apartments only lose their value.

Old housing stock may cost less or the same as a new building at the time of the start of construction - the pit stage. The advantage of such an investment is that it is risk-free. In this option, the main thing is the successful selection of an apartment that will be the most profitable for rent. The apartment should be located near a historical, cultural or commercial center. And even in the very center. They can be both old houses, so-called pre-revolutionary ones, and housing funds from the 1970s.

When buying an apartment, the following must be taken into account: location, infrastructure and popularity of the place, the general condition of the building and the surroundings. The condition of the building itself is also worth paying attention to - after all, a complex repair of an apartment for rent is not profitable from an investment point of view, because it leads to an increase in investments.

Consider that the most popular apartments for rent are 1-2-room apartments from 30 to 60 square meters. meters in old buildings, near the subway or the city center. This means that an apartment worth $40,000 will pay for itself in 9-10 years if rented for 8,000-10,000 UAH. However, the property itself will lose 25-40% of its original value during this time.

**Investing in commercial real estate**

Investing in a business is more complex – there is a different pricing process and different amounts. Offices, shopping centers, warehouses and large spaces are large capital investments. Investors should have between $50,000 and $14,000,000 in reserve.

The cheapest option is office or small commercial properties in shopping centers and residential buildings located in residential areas. Such areas cost the same as an apartment in a new building, but the rent for them is one and a half times higher.

Everything is easier with warehouse real estate: larger area means higher costs. Price segment: from $600,000 to tens of millions of dollars. For example: a space with an area of 29,000 square meters in the sleepy Dnipro district of Kyiv costs 4.5 million dollars, of which almost all the space is already filled with tenants.