Does investing in far off places make sense?



Living in a metro has its own perks and pains. For one, all of us are accustomed to the heavy log-jams of traffic and long travelling hours. For those of us lucky enough to have a home near our office it then feels like a bliss. Many singles or couples prefer to rent out apartments near their offices but usually at a cost of higher rent. In such a scenario where real estate does not come cheap does it make sense to invest in properties which are quite far from your home or office? Does it make sense to invest in a property which requires a days-worth of travelling to and fro?

My friend who stays with her family always wanted to invest in real estate but had just enough budget which could get her a studio apartment in a city like Mumbai. However if she chose to invest in a Tier II or Tier III city she could afford a bigger place. Having rarely stepped outside the city she was confused initially as to where to invest. Upon much research and discussion with her family she choose a beautiful and spacious 2BHK villa in Khed district which is slightly ahead Pune since this place should better growth prospects in the future.

Travelling to and fro would take almost close to 8 hours and also finding a tenant was an excruciatingly painful task. Since the area had not developed yet and there were very few takers of the house at the current rent, she had to offer discounts to attract any tenants. What helped was the fact that some new companies were being set up in the locality. Finally she was able to find a taker for the place, however every time she had to go there for some work she had to take a leave from work and would be dead tired by the time she came back.

Do you think what she did was the right choice? Would you invest in a place which is not easily accessible or which might require an entire day? What if the place was in some other state and would require even more time, or if you chose to travel by flight would require higher expenses?

Choosing to invest in a far off place may at times seem like a better option for a lot of reasons, such as better growth opportunities, higher rental income and/or yield, future retirement home, fits in your budget! One also needs to take into account the added costs and tension of having to manage it. Given that to be the case, buying a property is a very subjective process and all these things must be kept in mind while choosing to invest in a property which is not located near you or in the same city where you reside.