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Why You Should Consider Investing in Real Estate?

A recent Bankrate survey concluded that 28% of respondents prefer real estate compared to 17% stocks when given the choice of long term investing. Real estate provides the investor four main benefits. In addition to steady cash flow from rental income the investor will benefit from appreciation, depreciation and principal reduction. Unlike a stock, real estate offers a tangible asset for individuals—an actual home in which you could live, if necessary.

Here is a little more about the significant financial benefits attainable through investing in real estate:

Cash Flow: An investment property—whether it is a condo, townhouse, suburban single-family house or an oceanfront vacation home —could bring positive cash flow from rental income.

Tax Advantages: Deductions and depreciation are just two of the tax benefits that may be available to you as an investment property owner. Your tax adviser can help navigate all the potential savings that are available to you as a real estate investor.

Principal Reduction: As your tenant pays down your mortgage, the equity in your home rises. That growing equity is another way in which you increase the return on your real estate investment.

Appreciation And The Benefits of a Leveraged Investment: Over time real estate appreciates in value, your principal amount reduces, the investment property provides tax advantages and the property generates income. (For example - In 2017, home prices increased 5.3 percent according to the National Association of Realtors and that appreciation led to gains in home equity across the country. On average, property owners grew their home equity by about \$15,000 in 2017, according to CoreLogic.)

In understanding returns, it is important to point out that when your money is in the stock market, your returns are calculated on a percentage of the total capital you invest. With real estate, appreciation is calculated on the total value of the home even though the total capital invested can be significantly less. For example, if you put 20% down on a \$100,000 investment property, you invest a total of \$20,000. If that property appreciates 5% in the first year it would be worth \$105,000, which would represent a 25% return on your \$20,000 investment!!

How to Get Started Investing in Real Estate

Real estate investing is hyper-local, so it is critical to have a market expert like me who can guide you through the process. Let's get started today. I am ready to help you find your next real estate investment.

I look forward to hearing from you and, as always, I am available for any of your real estate questions or needs.

Sincerely,

Paul Bodo

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