



Invest In Real Estate With Only \$20

ALL NEW FOR 2024!

By StockInvestorNews

The Big Real Estate Picture

As an investor I'm always looking for the best possible deal. I want the biggest bang for my buck. And the higher the return, the better.

I'm sure you think the same way too.

Over the years, one investment type has proven more reliable than most others. **I believe, one of the most profitable places you can invest your money is in real estate.**

Why?

Let's look at the big picture...

I want you to think about the fundamental American dream. It all starts with family... raising your children... in your very own home. And providing a safe and inviting place to build memories.

Owning real estate is the basis of the American dream. And despite the recent market turmoil, many define success by owning their own home.

As a result, millions of Americans strive everyday towards home ownership... and those that already own a home are always looking to move up!

What's more, owning your own home isn't a bad financial investment either.

Now, that being said, you can't just run out and buy any old home.

If you're building a family you're concerned about things like the quality of the neighborhood, how good the schools are, and what the location is like. There are many intangibles when buying a home.

But to an investor, the thinking is slightly different.

You're focused on pricing, finance opportunities, and rent rates. Ultimately you care about your Return On Investment, or ROI.

A few years back it was easy to find an investment property that would cash flow starting day one. These days you struggle to find deals... and some neighborhoods are so expensive, the idea of a fantastic home for a discount is long gone.

That said, there's still huge opportunities in real estate if you know where to look. And that leads to our next big question...

Why Is Real Estate So Profitable?

Many people don't step back and think through all the details of a real estate investment. So let me highlight a few of the best reasons Real Estate is the place to be investing these days...

First, Real Estate's a hard asset. It's not like investing in some painting or gold bar that can get lost, or destroyed. You always know where your real estate is... and it's not exactly something that's going to get stolen either.

And should something bad happen to your property like a fire, flood, or vandalism...
Well, that's why we buy insurance, right?!

Second, real estate provides nice returns. Cash on cash returns are a big reason real estate is so attractive. You don't need to wait around for years for a property to go up in value.

You can buy a property... sign up a tenant... and start receiving cash flow the very next month. You get the instant gratification of cash, and the long term potential for growth.

It's the best of both worlds.

Third, you can use leverage to buy real estate. This is one of the biggest reasons investors like to buy real estate. When I bought my first rental property the house cost me just over \$100,000. But I only put down 3%! So I bought a property borrowing almost 97% of the value.

Not a bad deal if you ask me.

Keep in mind, the best you can borrow against stocks is 50% and just try to borrow money against your gold bars or other investments... you'll be shocked at how little you can really leverage them.

The fourth reason to invest in real estate is not something you'll hear every day... **it's a perfect hedge for inflation.**

We're all aware of just how bad inflation is getting. I don't need to tell you how the price of everything is going sky high. Everyday items like food and gasoline are getting more expensive by the minute.

During times of inflation, not many investments can keep pace. Economists call this "*dwindling purchasing power*". A fancy way of saying your dollar bill buys less and less and less every year... and your investments aren't growing fast enough to make up the difference.

Real Estate is the Holy Grail during times of inflation.

Listen closely... Inflation is running rampant.

We've seen inflation all throughout 2023... and it's going to continue throughout 2024. I believe, despite the Fed raising rates, Inflation will be with us for a number of years.

Think about it... China is opening back up. Their demand for oil will continue putting pressure on higher prices. Other commodities are already higher, and I don't see demand or prices falling.

Add to that the shrinking workforce, and now the cost of everything will continue moving higher...

And that's just two of a dozen different drivers.

Inflation is already straining your budget... and this is your opportunity to profit.

As Prices rise... Not only will inflation drive the value of your properties higher, your cash flow from your rentals will improve too.

Remember those tenants sending you a check every month? Well, when inflation hits, rents can be raised. So you suddenly start getting more money for the same piece of property.

Consider this - I own a rental home that 5 years ago rented for about \$900 a month. That same rental is now \$1,800 a month.

That's inflation in action!

Make no mistake about it... inflation can be very good for your real estate investments.

But not everyone can invest in real estate...

The Problem With Real Estate

Owning real estate investments is great, but unfortunately not everyone can buy property.

There are a few problems with real estate...

Anyone who tells you property ownership is easy is either lying or has never owned real estate!

Every real estate investment comes with some level of risk and their share of problems.

When you buy a single family home, you've got quite a bit of capital tied up. Anything can happen. You can have a bad tenant who doesn't pay his rent. Your house can burn down or get flooded out.

In addition, once you buy a piece of property as an investment, it's a long term commitment. You can't exactly sell a few minutes later. It can take weeks or months to sell your property, and don't forget those transaction costs.

Buying and selling property can cost you an arm and a leg!

Worst of all is the management headaches. Screening tenants, collecting rents, making repairs... and responding to phone calls in the middle of the night about overflowing toilets are never fun.

But there is one problem that outweighs all the others when it comes to investing in real estate...

It takes a good bit of money to purchase real estate.

An average rental property costing \$200,000 will still require a lot of cash from the buyer. I don't know many people with suitcases full of cash looking to buy real estate.

Now maybe you're floating in money, and paying cash for a property is no big deal... If that's the case, then congratulations.

For the rest of us, paying cash is out of the question. And to get a loan you still need to cough up a big down payment of 20% or 30%. That's \$40,000 to \$60,000 in cash!

(The lenders just aren't as loose as they used to be!)

Of course, that doesn't include closing costs, repairs, or any other expenses.

Sometimes even if you have the cash, buying the house can be difficult. **Many banks won't make loans to real estate investors anymore!**

There's got to be a better way to invest in real estate... and here it is.

Invest In Real Estate With Only \$20!

I've found a way to invest in real estate starting with as little as \$20. It doesn't take a lot of effort. You'll get most of the same benefits of owning a property outright, and you'll sidestep many of the common problems with real estate.

How do I do it?

I like to invest in Real Estate Investment Trusts... or REITs for short.

What's a REIT?

REITs are special entities created by the federal government tax code.

Here's how they work. A smart real estate investor sets up a trust and sells part ownership to other investors. The REIT often raises hundreds of millions of dollars.

Then the trust goes out and buys a bunch of real estate.

In some cases they pay all cash... and in other instances, the REIT can borrow money to buy the property.

In a nutshell, a REIT owns a portfolio of properties.

Now, here are a few reasons why I like REITS as investments.

First, you don't have a property management headache.

The REIT manages the properties they own. They find tenants, do the background checks, sign the leases, manage tenant problems (NO late night phone calls), and the REIT collects the rent payments.

Second, REITs make fat dividend payouts to their shareholders.

This is where this investment gets exciting.

By law... in order to be a REIT... the trust must distribute 90% of their profits to shareholders. By doing this the Trust sidesteps the double taxation issue...

The REIT pays no taxes on their income!

That means more money to pass back to you, the investor. As a result, REIT shareholders get check after check, like clockwork! Some REITs pay out their profits every quarter... and some every month!

Talk about a Cash on Cash return for your investment.

Now REITs have other advantages too.

For example, most REITs own tens if not hundreds of properties... that's great diversification.

Remember the flooding and destruction in New Orleans after hurricane Katrina?

How can you forget!

Well, many properties were destroyed and literally washed away.

If you only owned one property in New Orleans, imagine the struggle you'd face.

Now if you own a property in New Orleans, and one in Phoenix, and a few in Seattle, Chicago, and Washington DC, you eliminate the risk of having problems at one location.

Makes sense right?

Another reason I love REITs... they're easy to buy and sell. Unlike a property where you have to list it for sale, then wait weeks or months for a buyer, and pay huge sales commissions... **REITs can be sold with the click of a button.**

Since many REITs trade on the public markets, they have a price quote all day long. Depending on how you feel that day, you can either buy or sell. And best of all, it won't cost you an arm or a leg.

Many online brokers will do it for you on the cheap!

Look, I could go on and on for pages on why I love REITs as an investment. The key is they provide great returns, and good exposure to the real estate market, without the headache.

Now - Let me leave you with the best reason of all to invest in REITs...

You Can Make Huge Money With REITs

In real estate, the profits can be huge. I know... I've had a lot of success investing in single family homes.

But, you can find the big winners in REITs as well. Let me give you an example.

A few years ago, there was a small REIT by the name of **Ashford Hospitality Trust** (AHT).

This REIT plays a unique role in the hospitality industry. They own and operate a number of well known hotels. Ever hear of Marriott, Hilton, Hyatt, and Starwood?

Of course you have.

You've probably stayed in one of their hotels. Well, Ashford owns a number of these hotels and operates them all throughout the United States.

It's a pretty simple business model.

Wouldn't it be nice to own a hotel? Well, by purchasing shares of the Ashford REIT you'd be buying not just a piece of one hotel, but a piece of 125 hotels!

They are offering more than 26,257 hotel rooms every night... and their average price is over \$131 a night! You do the math... that's a nice stream of income.

Here's the best part... you could have scooped up as many shares of Ashford you wanted in early 2009. Back then the stock traded for under a dollar!

That's right... you could have bought into a solid portfolio of real estate for less than the price of a cup of coffee.

Just look at the price performance 5 years later...



Chart Courtesy of StockCharts.com

Over the few years this stock skyrocketed and at the peak, returned over 1,400% to investors savvy enough to scoop up shares.

Now today I look at the same stock, and it's not looking so strong.... So I don't think I'd scoop this one up...

However, there are hundreds of other REITs available for you to buy. Best of all, many of them are under \$20 a share!

Just take a look at these examples...

Other Interesting REITs

The potential returns from REITs are huge. But you must invest in the right kinds of REITs, understand the tax implications, and more importantly understand the interest rate outlook.

All of these things can and will influence the future value of REITs.

A few of my favorite REITs (and full disclosure, I own some of them) are:

- IRM - Iron Mountain Current Price \$54, Yield 4.4%
- O - Realty Income Current Price \$67, Yield 4.3%
- CCI - Crown Castle Current Price \$144 Yield 4.2%
- OPI - Office Properties Income Trust \$16 Yield 13.1%
- STWD - Starwood Property Trust \$20 Yield 9.2%
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Putting all of that aside, REITs can be a key portion of every portfolio, and go a long way to complementing a well rounded investment strategy.

If you're looking for more information about REITs learn more at StockInvestorNews.com.

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