



Thought you'd find this helpful:

Why Invest in Real Estate?

Here are four reasons to invest in real estate:

- 1) **Appreciation.** Appreciation means growth in value. Carefully analyzed investment real property, located correctly and priced fairly, will more often than not increase in value over time. By buying the right property in the right location, the investor can absolutely control the supply of the unique property. Appreciation is analogous to growth in stock ownership.
- 2) **Income.** Income means current cash flow. Investment real property is analyzed based upon its ability to generate income. Often, smart management decisions can either decrease operating expenses or increase revenue of a real estate investment. Wealth can be created by decisions like changing the use of a building, buying property in the path of other development, or improving the function of a building. Income is analogous to interest from bond ownership.
- 3). **Depreciation.** Depreciation is a convention of accounting and tax laws. It is the gradual, mandatory expensing of improvements to real estate over the life of those improvements. The rules for depreciation usually bear no relationship to the market value of the same real estate. The property can actually be appreciating in value while you are depreciating the asset on your tax return. Depreciation can be thought of as non cash expense of real property. This non-cash expense can reduce current taxable income while not reducing actual income. Depreciation is allowed in real estate investing.
- 4). **1031 Exchanging.** Generally, a sale of an appreciated investment triggers a tax on the profit (gain). IRC section 1031 creates an exception to this rule. It allows an investor to sell and repurchase investment real property without current tax liability. By selling and repurchasing using section 1031, the investor can create substantial additional wealth. This section does not apply to stocks, bonds, or any other intangible investments. We are experts in coaching you through the 1031 exchange process.

Call us--we're here to help you acquire the wealth and security that you deserve.