EIN PRESSWIRE

Kreiss Realty Group Offers Tips for First-Time Real Estate Investors

MARLBOROUGH, MASSACHUSETTS, UNITED STATES, December 13, 2016 /EINPresswire.com/ -- Buying real estate is about more than just finding a place to call home. Investing in real estate has become increasingly popular over the last 50 years and has become a common investment vehicle Kreiss Realty Group, a prestigious real estate firm with an impressive property portfolio in Central Massachusetts, has worked with numerous real estate investors, and offers several tips for those interested in entering the world of investment real estate.

John Kreiss says that there are several ways to invest in real estate. He does, however, advise people to use caution because some ways to invest are not for everyone.

“Basic Rental Properties is probably more one of the more common ways we see clients enter into investment real estate,” says Kreiss.

The veteran real estate agent, however, advises clients that owning rental properties is not always an “ideal” investment.
“You can end up with a bad tenant who damages the property or, worse still, end up having no tenant at all. This leaves you with a negative monthly cash flow, meaning that you might have to scramble to cover your mortgage payments. There is also the matter of finding the right property. You will want to pick an area where vacancy rates are low and choose a place that people will want to rent.”

“Perhaps the biggest difference,” says Kreiss,between a rental property and other investments, is the amount of time and work required.

“When you buy a stock, it simply sits in your brokerage account and, hopefully, increases in value. If you invest in a rental property, there are many responsibilities that come along with being a landlord. When the furnace stops working in the middle of the night, it's you who gets the phone call. If you d on't mind handyman work, this may not bother you; otherwise, a professional property manager would be glad to take the problem off your hands, for a price, of course.”

With the exception of REITs, investing in real estate gives an investor one tool that is not available to stock market investors: leverage. If you want to buy a stock, you have to pay the full value

Real estate investment groups are sort of like small mutual funds for rental properties. If you want to own a rental property, but don't want the hassle of being a landlord, a real estate investment group may be the solution for you.
According to Kreiss, there are several versions of investment groups, but in the standard version, the lease is in the investor's name and all of the units pool a portion of the rent to guard against occasional vacancies, meaning that you will receive enough to pay the mortgage even if your unit is empty. The quality of an investment group depends entirely on the company offering it. In theory, it is a safe way to get into real estate investment, but groups are vulnerable to the same fees that haunt the mutual fund industry. “Once again, research is key”, says Kreiss.

Flippers make their money by buying reasonably priced properties and adding value by renovating them. This can be a longer-term investment depending on the extent of the improvements. This is not for everyone, however.

“Investments need to be profitable, or they’re not worth doing. And if a property flipper gets caught in a situation where he or she can't unload a property, it can be devastating because these investors g enerally don't keep enough ready cash to pay the mortgage on a property for the long term. This can lead to continued losses for a real estate trader who is unable to offload the property in a bad market.”

A real estate investment trust (REIT) is created when a corporation (or trust) uses investors' money to purchase and operate income properties. REITs are bought and sold on the major exchanges, just li ke any other stock. A corporation must pay out 90% of its taxable profits in the form of dividends, to keep its status as an REIT. By doing this, REITs avoid paying corporate income tax, whereas a regular company would be taxed its profits and then have to decide whether or not to distribute its aft er-tax profits as dividends.

John Kreiss
Kreiss Realty Group
5088266920
email us here
