

Real Estate Investment Trust

Real Estate Investment Trust: Enabling you to be a part of the party

Real estate is a big business and everyone seems to want to invest in real estate. You keep hearing a lot of stories about how people made a quick buck by investing in real estate. There are stories about people who made \$50000 in a fortnight by making the right kind of investment in real estate. Every now and then, newspapers keep coming up with statistics about the appreciation in the real estate prices. There seems a mad rush for investing in real estate (and this gets even bigger when the mortgage interest rates are falling). However, not everyone has the time, money and expertise to be able to profitably invest in real estate. So what does one do? Is there any other option?

Yes, there is another way of investing in real estate and that is through Real Estate Investment Trust. Real Estate Investment Trust is an organisation that invests in real estate as a full fledged business. By investing in a Real Estate Investment Trust, you can become part of the real estate investment party and enjoy profits (of course, the assumption here is that the Real Estate Investment Trust is good and professionally managed).

Investing in Real Estate Investment Trust is very easy too. You can just buy Real Estate Investment Trust shares which trade on all major exchanges. There are certain laws governing the Real Estate Investment Trusts that help them avoiding the tax at corporate levels e.g. it is mandated that Real Estate Investment Trust's portfolio has 75 percent of investment in real estate. Moreover, 75% of the income of Real Estate Investment Trust must be from rents or mortgage interest. There are various types of Real Estate Investment Trusts. Some Real Estate Investment Trusts own properties themselves and hence feed on the rental income from those properties. Some others indulge in providing only mortgage loans or go for mortgage backed securities. Then there are Real Estate Investment Trusts which do both i.e. rental focussed investments and mortgage based investments.

There are a number of Real Estate Investment Trusts operating in the market and a lot of these Real Estate Investment Trusts are doing good business. By investing in Real Estate Investment Trust you are basically investing in real estate without actually buying a property yourself. This is one easy way of investing in real estate (and much safer too). You must surely evaluate this option for your real estate investments.