

## Investing In Real Estate

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Everything is fair in love and war! The war of superiority and the love of immortality! The competition between stock market investing and real estate has been going on since the mid 1960s, in order to prove to be the best source of investment returns. The stock market was regarded as a place to invest, whereas the realty was considered to be more reliable in the past. The present scenario is more of a revolutionized kind. It showed visible signs of change in the mid 1990s and kept on changing since then.

At present real estate, especially the residential realty that is purchase, renting, reselling and holding of realty assets is the matter of investment choice for the most of investors. Money generally flows as a direct consequence of low interest rates. Mortgaging assets is safer than high-risk speculative stock investments. Residential realty demands have increased manifold throughout the urban areas in North America and to some extent Europe. This generally affects the condominiums and town homes located inside the urban cores but prove to be a boon for single-family assets. Real estate has been compared to gold, which in historical times was considered as a tangible store of value.

The primary reason of the investment revolution is the tangibility of assets. More often than not this is guided by the psychological reasons. Most of the investors would opt for real estate investment where they would be able to see, touch, paint and above all feel the sense of security and possession, rather than the purchase of a share into a distant company over which the investor cannot access any control. Apart from psychological reasons it can be supported by a very valid reason, the reason of availability of financing. In the stock market, there is a constant fear of being severely affected by its loss, as millions of investors have been the victims of such losses, earlier. But, only a few buyers and sellers have been affected in the scandals relating to Real Estate. Lenders have become more comfortable with the purchase of realty market values than that of stocks and bonds. Banks generally give loans on appraised values, and an appraiser of a residential realty determines its real market value with a relatively higher degree of accuracy. This is easier than a stock analyst trying to evaluate the books of a corporation accurately.

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 fifty years and has become a common investment vehicle. Although the real estate market has plenty of opportunities for making big gains, buying and owning real estate is a lot more complicated than investing in stocks and bonds. In this article, we'll go beyond buying a home and introduce you to real estate as an investment.

This is an investment as old as the practice of landownership. A person will buy a property and rent it out to a tenant. The owner, the landlord, is responsible for paying the mortgage, taxes and costs of maintaining the property. Ideally, the landlord charges enough rent to cover all of the aforementioned costs. A landlord may also charge more in order to produce a monthly profit, but the most common strategy is to be patient and only charge enough rent to cover expenses until the mortgage has been paid, at which time the majority of the rent becomes profit. Furthermore, the property may also have appreciated in value over the course of the mortgage (according to the U.S. Census Bureau, real estate has consistently increased in value since 1940), leaving the landlord with a more valuable asset.

A financial institution would lend money far more easily to a qualified real estate buyer than to a stock market investor. This is mainly because real estate assets could be of similar values if they are of similar infrastructure, located at the same place and having similar furniture. However, the same reasoning cannot be applied to different corporations because of several variables, such as location, number of employees, performance, technology, market sector, politics, taxes, rapid growth in population, density, age and other relevant factors in current context of Real Estate over the Stock Market.

People have grown smarter these days. They buy a house generally below the market price, and let the value grow and then capitalize in hundreds and thousands of different ways. Real estate investment is being considered more rewarding as compared to the stock market investment, as people just not believe in spinning money but also securing values...

REFERENCES

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