

Real Estate, Invest and Succeed

By Barrett Niehus

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IP Ware Profit <http://www.freetrainer.com>

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Many people are reluctant to invest in real estate because they don't completely understand the nuances surrounding the investment. However, once they understand the fundamentals, real estate can provide a significant return with relatively low risk. Investing in real estate is merely a matter of understanding how income streams cover the costs of maintaining the asset, and making sure that the income also provides the desired return on the investment.

In its simplest form, a real estate investment consists of purchasing a piece of property through a mortgage, renting the property at a monthly rate, and using the rent to cover the cost of the mortgage and any expenses. The amount left after the mortgage and expenses are paid is your net monthly income. It's that simple.

To determine if a property will provide an acceptable return on your investment, you merely have to look at comparable rents in the area, estimate how what percentage of your property will be vacant at any given time, and determine what your monthly cash flow will be. Most of the numbers are relatively reliable because comparable rents won't change significantly, and the bank will calculate your payments down to the cent. The variable such as maintenance and management vary, but can be assumed relatively accurately.

Fundamentally, investing in real estate is not difficult. The concept of using rent to cover your expenses and pay you a return is not difficult. Once it is reduced to its most basic concepts, real estate can provide a significant return on investment. As a real asset, it will provide less risk than a bond or stock, and can create a continual income stream while equity and appreciation accrue.

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IP Ware, <http://www.freetrainer.com> is a Dynamic Real Estate Analysis Software that allows you to calculate real returns on Residential and Commercial Investment Property.

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