



This Is the Best Way to Invest in Real Estate

Description

Real estate has been a wealth builder for many over the years. It has a number of benefits that make it an ideal investment. For one thing, real estate is a hard asset. It is something that you can see and touch — a comforting fact for investors since it is sometimes hard to put value on something like owning property. There is also a limited supply of desirable land, practically guaranteeing capital gains over the long term.

It is a hedge against inflation. Over the centuries, land prices have generally tracked inflation. This fact helps ensure that your [real estate](#) asset will help you preserve wealth over time.

Currently, the biggest problem that exists in real estate is the fact that asset prices have become inflated to the point where it can be difficult for the average investor to buy real estate. In order to do so, an investor generally has to take on large amounts of debt. Inflated prices also impact potential yields and cash flow since the price of the properties, especially in larger urban centres of the world, have risen far above rental rate increases.

Luckily, there is still a way to gain exposure to real estate without breaking the bank. Investing in real estate investment trusts (REITs) gives you exposure to real estate and provides you with steady income on your investment. The best part is, you do not actively manage the property yourself. You simply sit back and collect the distributions from the hard work that is already done by others.

Granite REIT (TSX:GRT:UN) is one company [worth checking out](#) for a number of reasons. The company owns and operates many industrial properties in the United States and Europe. Owning this company gives investors diversification by geography that most investors can't afford or reasonably manage. It also gives access to a sector, industrial properties, that the average investor would be hard-pressed to afford.

The company's largest tenant is **Magna International**, a world-class maker of auto parts. While Granite has other tenants on various properties, it is vital to realize that a large part of its business comes from the auto parts company. On the one hand, you have a great business occupying a large part of the properties. On the other hand, should Granite stop doing business with Magna, there could be trouble. Of course, it is highly unlikely that any problem should occur, but investors should keep that fact in mind.

Its results have been steady, most likely in large part due to its steady tenant base. In Q3 of 2018, Granite posted revenue growth of almost 5% year over year. It currently pays a distribution of 4.6% — a distribution that was just raised by 2.9% last year. Granite has been growing that distribution for years, so it is likely that there will be more hikes in the future.

It is difficult to purchase real estate since prices have become so elevated, and operating a rental property can be a bit more than most people want to take on. A REIT gives you exposure to the real estate market. You can let the experts run a diversified portfolio. Buy a REIT like Granite, a company that pays a rising distribution, and take some of the stress out of real estate investing.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:GRT.UN (Granite Real Estate Investment Trust)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Tags

1. Editor's Choice

Date

2025/08/27

Date Created

2019/02/04

Author

krisknutson

default watermark

default watermark