



Lazy Landlords: Why I Think REITs are the Easy Way to Create a Passive-Income Empire

Description

With property prices having enjoyed significant growth in recent decades, investing in the sector is likely to be a popular means of generating a passive income for many investors.

While the returns from the property segment may be high over the long run, the practicalities of accessing them could be relatively challenging. Indeed, owning and managing properties is not an easy task, with it often requiring significant time in order to become a successful landlord.

Therefore, investing in real estate investment trusts (REITs) could be a shrewd move. Not only do they offer the chance to gain exposure to the property sector, they also mean significantly less effort on the part of the investor.

Operational focus

While the property sector may have long-term investment appeal in terms of its capacity to generate a passive income, being able to maximise returns within it can be challenging. Landlords face a number of threats at the present time, including regulatory changes, the potential for a downturn in prices, as well as the day-to-day management of tenants and void periods.

Therefore, it makes sense for an investor to buy REITs. Doing so means that an experienced management team will worry about factors such as attempting to time the wider property market through asset sales and purchases, as well as managing the operational aspects of being a landlord. Not only could this mean less time being required by an investor, it may also lead to better decision-making in terms of the management of a portfolio of properties.

Liquidity

While many investors will seek to generate a passive income from REITs over a long-term time period, their liquidity makes them even more appealing versus the direct purchase of properties. For example,

investors may require capital at short notice for an unexpected event, or for an investment opportunity. If they own properties directly, they may find that it takes a number of weeks to sell them.

By contrast, REITs can often be bought and sold as quickly as any other stock. Not only does this reduce their risk versus direct property investment, it may mean that an investor has the confidence to focus their capital on property to a greater extent than if they require an emergency cash balance at all times.

Unearthing the most appealing REITs

Of course, it is important to conduct thorough research into REITs before their purchase. Therefore, investing in them is not completely void of effort. However, with there being a vast amount of information available to an investor, it is possible to make an informed choice on which REITs offer the most appealing risk/reward opportunities.

With significant scope to deliver a sustainable passive income, as well as requiring less effort than being a landlord, [REITs could be a worthwhile investment](#) for individuals who are looking to access the potential returns from the property sector over the long run.

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