

Young Investors: Start Building Your Own Real Estate Empire With As Little As \$1,000

Description

After seeing countless others make a fortune in the sector, many younger investors have a simple goal when beginning their own journey. They want to create their own real estate empire.

Real estate is the ultimate passive income asset. You simply sit back, relax, and watch the rents roll in. Most investors stick with residential real estate, since it's a lot more stable than commercial leases. After all, people are always going to need a place to live.

Buying a rental property has other advantages, too. It's an easy to understand business, something anyone can get into with some capital. It's easy to borrow against real estate as well. And there are countless other investors who are doing the same thing, which can be invaluable during times of duress.

But there are also disadvantages to buying physical real estate. It's hard to build a diverse portfolio when all you're buying is local [residential property](#). As your real estate empire gets bigger you essentially buy yourself a part-time job. And even though leverage is a good thing, it comes with disadvantages like being at the mercy of banks.

These downfalls are why I recommend investors build their own real estate empire using real estate investment trusts (REITs) instead of physical property. Let's take a closer look at the advantages offered by this special asset class as well as a REIT to get you started.

The skinny

A REIT is simply a diverse group of properties owned by the same company that trades on the stock exchange. It doesn't have to pay any taxes on its earnings provided that it pays a large percentage of the bottom line to unitholders in the form of generous distributions.

Note that REITs don't pay dividends. The distribution can be fully taxable if it's in the form of interest income, but REITs often make moves — like selling buildings, for instance — that classify the distribution as mostly return of capital. This helps shareholders save money on taxes.

There are a number of reasons why investors would hold REITs instead of physical property. Most REITs own properties across a large number of cities. Some REITs focus on one kind of real estate while others own everything from apartments to retail space to industrial warehouses. Individual investors can't get that kind of diversification on their own.

Owning a large number of properties is more efficient on the management side, savings that help the bottom line. REITs are perfect for the [lazy investor](#) who doesn't want to work very hard while building their real estate empire. All you do is buy shares, while a traditional real estate investor is showing the

place or doing repairs.

One REIT to get you started

Choice Properties REIT ([TSX:CHP.UN](https://www.tsx.com/stocks/choice-properties-reit)) is an excellent choice for those who want to begin building their own real estate empire. In fact, you can easily open up a brokerage account and get started with just \$1,000.

Choice Properties is a diverse REIT with retail, office, industrial, and even residential assets. Its portfolio includes 724 properties spanning more than 65 million square feet of gross leasable space. Its main tenant is **Loblaw Corporation**, Canada's largest grocer. We don't have to worry about Loblaw paying the rent.

Choice Properties has several growth avenues. It can acquire real estate across the country, with perhaps an emphasis on Loblaw-anchored retail space. It also has a development program with 18 properties getting some sort of improvement today, with more happening at a later date. Or it can acquire another REIT. It certainly has the financial strength to do so, considering its solid balance sheet and status as Canada's largest REIT.

Investors are also treated to a nice distribution. Shares currently pay a 5.7% yield, a payout that looks poised to slowly increase over time.

The bottom line on your own real estate empire

It won't happen overnight, especially if you're only starting with \$1,000. But if you're patient and save regularly, you'll create your own real estate empire in no time. Don't delay; the best time to get started is right now!

CATEGORY

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

TICKERS GLOBAL

1. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)

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1. Business Insider
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