

WELCOME to

Aspects of Real Estate Investment

OBJECTIVES FOR TODAY

1. Investment Objectives
2. Freedom
3. Getting rich slowly – but I don't have time
4. Where is the Yield? – why don't I get a return?
5. Business v. Investment
6. Tax Primer
7. Owning Direct
8. Special Topics: International, Timeshare, Air-BNB

Aspects of Real Estate Investment

Investment Objectives

- What do you want to accomplish?
- What resources do you have?
- Will someone take over for you who thinks like you do, and who will work for your salary?
- How are your spouse/partner/children affected by your objectives – and do they have differing objectives

Aspects of Real Estate Investment

Freedom Defined

- Freedom from worry
- Freedom from management
- Freedom from oversight
- Freedom from economic collapse
- Freedom as defined by your spouse
- Freedom aligned with goals of your children
- Freedom from managing your investments
- Freedom from market turbulence/crash

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Get Rich Slowly

- BUT – I don't have the time!
- “Secret” Effect of Compound Interest
- Tax Efficiencies
- Insulated from market

- Risk associated with get rich quick

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Where is the Yield?

- It's the economy, stupid!
- Economic, stock market, political risk
- Banking Crisis
- Interest Rates (Tax Benefits to RE)
- Upcoming return to inflation
- Upcoming confluence of demographics and debt
- Real estate already bid up

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Business v. Investment

- Investment presumes passive income, which presumes no oversight or management responsibility
- Investment may open door to “flash crash” or market pricing inefficiencies/manipulation
- Business – owning your own company, requiring expertise, time and management, rather than losing control to management of a company

Aspects of Real Estate Investment

Types of Real Estate

- Residential (Single Family Residence, Condo, Apartments)
- Commercial
 - Office
 - Retail
 - Industrial
 - Hospitality

Aspects of Real Estate Investment Tax Primer

- Income Tax: Ordinary Income & Cap Gains
- Income Tax: Depreciation & Step-Up
 - *Govt Policy Subsidizing Real Estate?*
- Property Tax: Reassessment & Parent-Child Exclusion, Prop 13 Risks
- Gift, Estate & GST Tax

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Owning Direct

- Ongoing Expenses: Property Tax, Insurance, HOA, Maintenance, Mortgage
- REIT Comparison – passive income & hands off management – but what if management fails
- Annuity Comparison – Annuity not indexed to inflation
- HOME: Protect Value & Give to kids
- RENTAL MOGUL: Business of landlord: Protect Value, Give to Kids, How much needed?

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Special Topics

- International
- Timeshare
- Air-BNB