

Getting to Know Residential Real Estate Investment Trusts

If you are looking into the world of investing for where best to put your investment money, you may have noticed that there are a lot of options out there. For many people the only wise investing choice is to put their money into real estate. If you are one of those people, you still have a lot of decisions to make.

Many people look at REITs as the solution to their real estate investing. After all, REITs are not just a single share in a stock that is real estate related, but rather a portion of a whole portfolio that is real estate related.

Yet knowing that you want to put your money into REITs is not the final decision you have to make. There are a number of types of REITs available. In this article we are going to take a closer look at residential REITs.

What are Residential REITs?

As you may have guessed, residential REITs are those that put their investment dollars into residential real estate interests. This could include things like apartment buildings, condominiums, duplexes and even single-family homes that are rented out to people.

When you purchase into residential REITs there are a couple of ways your money could be used.

Construction

The first possibility is that your money is going to be used to make new real estate interests such as condominiums, apartments or single-family homes. There are always projects like these underway and there are plenty of REITs that will focus on the construction aspect of residential real estate.

Property Management

Once homes, apartments and condos are built, someone has to keep track of them and rent them out. That is where property management companies come in. Their job is to oversee the upkeep of the residential properties as well as make sure to get them rented out when there are vacancies. They are also responsible for collecting the rent each month.

Combined

Some REITs like to put their money into both of these categories and are considered pretty well rounded residential REITs.

Residential REIT Risks

When it comes to residential REITs, there are risks, just as there are in all stocks, bonds, and other Wall Street offerings. In this case, the problem comes more in over building than anything else. With a constantly growing population there are always people looking for homes, so residential real estate is a wise place to invest. But, sometimes construction companies become overzealous and build too much in one area, which can make it harder to keep those units rented out.

Investing in Residential REITs

Once you are ready to start putting your money into residential REITs you need to know how to go about this. One of the wisest ways is to work with a company that understands REITs and can really help you keep track of your investments as well as make wise investment decisions. REITBuyer.com is the first and only online brokerage that specializes in REITs and real estate mutual funds. Through them, you will be able to buy, sell and manage your REITs online as well as keep up with what is happening in the market so you will be better prepared to act when the time is right.

This article was written by Earl E. Bird, spokes person for the REITbuyer.com, a site dedicated to educating Real Estate Investors on how to invest in Real Estate Mutual Funds to diversify their investing portfolio. Read more articles about REITs at <http://westproperties.blogspot.com>