

Investing in Real Estate

Investing in real estate has always been the best investment. It is because as a general rule, homes appreciate about four or five percent every year. This figure varies from neighborhood to neighborhood, and region to region. Taking on a general note five percent does not seem like that much at first but we all know that stocks at most of the times appreciate much more, and one can easily earn over the same return with a very safe investment in treasury bills or bonds. Just suppose that some one bought a house for a certain amount of money. This amount was not paid as cash. So he got a mortgage too. After making the entire calculations one can conclude that the overall return on the investment is much more. The rate of return when buying a home is higher than most any other investment one can make. By making deductions in income tax, the government further sub-sides the purchase of a home and all of the interest and property taxes one pays in a given year are deducted from the gross income to reduce the taxable income. We all know that the property taxes are deductible. This means that whatever property taxes we pay in a given year may also be deducted from gross income, lowering the tax obligation.

We stabilize our monthly housing cost by investing in real estate. This is because when we rent out a place to live then we certainly expect the rent to increase every year. Even if we get a fixed rate mortgage while buying a home then also one has the same monthly payment amount for thirty years. Even if rate of mortgage is adjustable then also the payment stays within a certain range for the entire life of the mortgage as interest rates aren't as volatile now as they were in the late seventies and early eighties. Taking all this in other words we can say that by investing in real estate we are making forced savings. This is good for people who are just lousy at saving money, and a house is an automatic savings account. Thus one accumulates savings in two ways.

A portion of your payment goes toward the principal every month. In the early years of the mortgage, this is not much but it accelerates over time. Along with this value of house appreciates. When staying in our own house we have freedom and individualism. This is because when we are staying on rent then we are normally limited on what we can do to improve the house. One has to take permissions to take certain types on improvements. But this is not the case if we are staying in our own house

About the Author

Leah Dean is a writer and real estate professional in the Southlake, TX real estate. She is involved in [Southlake Real Estate](#).

Source: <http://www.spivo.com/articles>