



Does Real Estate Build Wealth More Consistently Than Other Asset Classes?

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Investing in real assets is becoming a very serious alternative for investors who want to diversify their portfolio. Real assets can take many forms including infrastructure, energy, real estate and much more. A real asset is simply something

tangible that you can touch. Although investor appetite for infrastructure, especially in emerging markets, has been growing, private equity firms are still heavily invested in real estate. Well, there is a reason for that. Real estate actually offers one of the more consistent options to build wealth and here are some reasons why:

Cash Flow

Cash flow is technically defined as

the amount of money left on the rent collected after the expenses have been paid. A real estate asset will have certain specific expenses including insurance, taxes, mortgage payments, and maintenance and management fees. A property will also generate rent either from commercial or residential use.

Most of the time, the amount of rent generated is often higher than the expenses. This leaves you with a positive cash flow which is simply

◀ additional income into your pocket. Your real estate investment still remains intact too.

When you compare these returns to liquid assets, you start to see the benefits of real assets. For example, if you are invested in stocks or currencies, you only make money when they appreciate in value. This is determined by many geopolitical and economic factors. There is definitely a higher risk and lesser side income.

Capital Appreciation

Property prices will also appreciate over time. This is actually how the biggest share of wealth is built in real estate. While property prices will fluctuate every now and then, over the long term, prices will inevitably go up. This gives you an opportunity to make very good returns.

The good thing about real estate is that there is an element of inevitability when it comes to appreciation. Unlike liquid assets where capital gains are not always

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guaranteed, with real estate you are almost certain that in the long run the value of the property will be higher.

Leverage

There is an age old saying that goes "you need money to make money". It's actually very true. If you plan to grow your wealth, at some point you will need financing to aid in your investments. You can leverage a good real estate portfolio to secure easy loans from banks and other lenders. As a matter of fact, there is nothing easier to leverage than real estate. No other asset class offers that kind of security and as such, many banks will be inclined to lend you money. You

can then use this money to diversify your investment and increase your revenue streams.

Forced Equity

You don't need to rely on appreciation alone to make money from real estate. Forced equity is another possibility. This is basically a term used to refer to the wealth created after an investor does work on a property to make it more valuable. For example, you can buy a low cost property in bad shape, remodel it, and resell at a profit.

Investing in Real Asset

In case you are planning to diversify into real assets, the best way to do so is through managed portfolio. The Brookfield Infrastructure Income Fund can give you exposure to real assets on a global scale. The Fund focuses on infrastructure assets and it's available for purchase on the NYSE under the ticker symbol INF.