

WHY REAL ESTATE IS A GREAT DEAL

Or

WHY I LOVE REAL ESTATE (Part 1 - Reasons 1-25)

by Howard E. Spiva

- 1) DOES GOOD: Real Estate provides housing for families. Families need housing in good times and bad.
- 2) USEFUL: You can live in it yourself.
- 3) TAX BENEFITS TO LANDLORDS: The government knows they do not do a good job at providing housing. We all have seen failed government projects. The government provides special tax benefits to individuals to provide housing. The government, based on their experience, realizes private investors are more efficient and more effective and just better at providing houses to families. Example is "section 8". People will always need housing. Over the years some of the benefits have been lessened (i.e., longer depreciation). IMHO, real estate ownership is still the best deal going.
- 4) TAX FREE INCOME: If you live in a house 2 out of 5 years you can sell it for tax-free income up to \$250,000 per person and \$500,000 per couple. (121 exclusion - IRC) You can do this every 2 years for life!
- 5) INCOME: It can be rented for income.
- 6) INCOME: It can be sold for profit.
- 7) TANGIBLE: Stock ownership is an entry on a computer in a big building somewhere. Real Estate is tangible. You can drive by and see it
- 8) TAX DEFERRED: You can trade real estate (1031 tax deferred exchange) for another property and pay no taxes.
- 9) TAX FREE LOANS: You can trade Real Estate and then borrow on the new property and pay no taxes. The tenant will pay the new loan payments.
- 10) GOOD FOR THE LITTLE GUY: It is too "local" to be controlled by corporations like Wal-Mart and Sears.
- 11) GET RICH: Real Estate is not a get rich "quick" scheme, but it is a get rich "eventually" plan
- 12) LEVERAGE IS GOOD: \$10,000.00 can only buy \$10,000.00 to \$20,000.00 worth of stock. \$10,000.00 can buy \$100,000.00 in real estate with a 90% loan to value. At best a stock broker will give high rollers a 50% LTV on stocks. Stocks are too risky for them. They are happy to loan on Real Estate.
- 13) BANKS LOVE REAL ESTATE: Banks love to loan money on real estate. Try and ask for money to buy stocks. Ever get an offer in the mail to loan you money on stocks? Daily offers come in the mail (and email) to loan money on real estate.
- 14) BETTER INTEREST RATE: The interest rate on real estate is lower than business loans, credit cards, car loans, RV loans, or purchases at department stores? Why? Because it's a safe risk.

15) REAL ESTATE IS STABLE: Stocks can drop in value by 50% over night. Companies can be formed, merged, bankrupt or even obsolete overnight (Buggy whips vs. cars, cassettes vs. 8 tracks, cell phones vs. satellite, cable vs. fiber optics, film vs. digital). Prices of digital watches, calculators and computers can decrease rapidly. Houses are more stable. Imagine a company surviving with the same product since 1959. We just bought a sought after house built in 1959! A large drop in value is unlikely with real estate absent a disaster. Actually disasters like hurricanes and floods can increase demand and real estate values.

16) REAL ESTATE IS PREDICTABLE: 500 stocks can go up in value and not affect one other one. If you have 500 houses that go up 10% in one-year chances are real good all those around it will to. Houses are more predictable.

17) LEVERAGE: If you invest \$100,000 in stocks and they go up 10% that's \$10,000.00 or 10% return on your money. If you invest \$100,000 in real estate at 90 LTV and it goes up 10% that's \$100,000 or 100% return. You have to sell the stock to get your profit and the income would be taxable as long or short-term capital gains. You could mortgage the real estate and get the money tax-free.

18) PROFIT CAN BE THERE: If you buy stocks and want to sell it the next day it is probably near the same value. You can buy real estate and sell it for a profit on the same day.

19) YOU HAVE CONTROL: We have control over the value of Real estate. With stocks you are a spectator.

20) SAVANNAH IS SAFE: Real Estate Balloon? Average house in Savannah = \$260,000.000 vs. California, Fla, NY, etc. at \$600,000.00

21) YOU HAVE LOTS OF CONTROL: With real estate you can increase value and income with efforts such as an update, improve, paint, (ladies like yellow kitchens) landscape, new appliances, new fixtures, clean the carpet, plant bushes, new door knobs, add an alarm (free), hang mirrors, enclose a garage or attic, add a deck or porch. Put cinnamon in water on the stove or bake chocolate cookies when showing it. Open the curtains for light. Play nice music. Paint the house yellow with dark green shutters. You can subdivide the property to get higher rent. With stocks you can pray.

22) SAVANNAH NEAR THE WATER IS GOOD: Real estate value is controlled mostly by location. Baby boomers retiring will be the greatest wealth transfer in history. I suggest buying properties in locations where they may like to retire (near water) or work (with Internet you can work from anywhere now). I suggest you buy properties in a town with stable warm climates. Locations of towns near Interstates. Cities having a good economic base such as: airports, historic districts, tourism, golf courses, intercostal waterways, military base, beaches, ocean frontage, universities, marshes, industries, technical colleges, forests, near vacation destinations (like Hilton Head). Know any places like that?  
Such a place may exceed the national average on demand and appreciation.

23) WEEKLY RENT: Change rent to weekly to increase revenue. You get 4 extra weeks rent. Even biweekly increases your cash flow.

24) BANK DEBIT: You can collect rent by bank account debit, payroll deduction, or credit card. Your tenant never pays a late fee and you can sleep later.

25) EXTRA INCOME: Rent tenant a washer and dryer, ceiling fan, storage shed, or other item that some landlords don't charge for. How about a TV, stereo or computer?

SPIVA LAW GROUP  
Trial Lawyers  
12020 Abercorn Street,  
Savannah, Ga. 31419  
912-920-2000 (phone)  
912-920-4610 (fax)

Main web page - <http://www.spivalaw.com/>

Please take a peek at our other web pages:

Auto Accident Page - <http://www.georgiaautoaccidentattorney.com/>

Worker's Compensation Page - [www.georgiaworkcomplaw.com](http://www.georgiaworkcomplaw.com)

Charity: Justice For Children Foundation - <http://www.justice4children.org/>

B.E.S.T. Investment Training - [www.thebestclasses.com](http://www.thebestclasses.com)

Real Estate Brokerage- <http://www.srei-inc.com/>

Real Estate Rentals - [www.savannahs-best-properties.com](http://www.savannahs-best-properties.com)

[Howard@Spivalaw.com](mailto:Howard@Spivalaw.com) email)