



The Real Facts Behind Real Estate Investing

Washington, D.C., July 22, 2015 – With a rising economy and low interest rates, the fear of real estate investment that followed the 2009 market crash is slowly subsiding and investors are regaining their appetite for this particular asset class. Before buying up properties like a game of Monopoly, investors need to be aware of several unique aspects to real estate that can make or break an investment.

CFP Board outlines several aspects of real estate that investors should consider before buying investment property in LetsMakeaPlan.org.

“Real estate can be a fantastic way to diversify a portfolio and income streams,” said Metro-Detroit CFP Ambassador Robert Schmansky, CFP®. “How you go about investing in real estate depends on your willingness to put in the time. For many, the easiest choice is a mutual fund or exchange-traded fund which provides the benefits of diversification, liquidity, and professional management... all without the need to collect rents or do repairs.”

When deciding whether to make a real estate investment, CFP Board recommends taking into account the following:

1. **Not a stock substitute**: One advantage the stock market offers over real estate is diversification, which protects against the irrationality of the market. Very few individual investors can achieve the same level of diversification through real estate, because that would mean acquiring commercial, rental, and industrial properties in different geographical markets.
2. **Expensive proposition**: Investors need to put more money down upfront when purchasing property because of lender requirements. Interest, taxes, insurance, maintenance, and repairs are reoccurring costs owners will face as well. And real estate assets often require larger cash reserves for times when a property is not generating income because of a vacancy.
3. **Active management**: Real estate requires an investor’s time, attention, and availability because tenants require attention at all times. Hiring a property manager is an option, but it adds to the costs of the investment.
4. **Becoming a business owner**: Buying real estate is equivalent to starting a business. From weighing the benefits of a rent increase to doing a cost-benefit analysis on property improvements, properties require significant amounts of strategy and management. Like any business, investors also need to consider an exit strategy.

Making a profitable real estate investment takes skills beyond the average investor’s. While there is plenty of upside – in the form of ongoing income and appreciation – it does not come easily or cheaply. Consulting with a CFP® professional will help you to assess whether and when purchasing real estate for your investment portfolio makes sense.



ABOUT CFP BOARD

The mission of Certified Financial Planner Board of Standards, Inc. is to benefit the public by granting the CFP® certification and upholding it as the recognized standard of excellence for competent and ethical personal financial planning. The Board of Directors, in furthering CFP Board's mission, acts on behalf of the public, CFP® professionals and other stakeholders. CFP Board owns the certification marks CFP®, Certified Financial Planner™, CFP® (with plaque design) and CFP® (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements. CFP Board currently authorizes more than 72,000 individuals to use these marks in the U.S.

CONTACT: Jessica Lewis, Communications Specialist P: 202-379-2256 E: jlewis@cfpboard.org
Twitter: @cfpboardmedia

ABOUT ROBERT SCHMANSKY, CFP®

Robert Schmansky is the founder of Clear Financial Advisors of Metro-Detroit. Rob has over a decade of experience helping individuals and families meet their financial goals and overcome money concerns. He is frequently quoted in the media on issues regarding personal financial planning, and has been a contributing writer for U.S. News & World Report, Forbes and Yahoo!Finance, and an investment expert for FiLife, a former Dow Jones/IAC joint Internet venture. He has been an adjunct instructor of economics and the required courses for candidates to sit for the CFP® exam. Investment News selected Rob as a 2015 40 Under 40 financial planning professional and he is the 2013 PlanPlus Global Financial Planning Awards North American finalist.

CONTACT: Robert Schmansky, CFP® P: 248-677-1762 E: rob@clearfinancial.net W: www.clear.financial Twitter: @moneyclarity

###