

*Empify*

# How to Invest in REITs as a Beginner

A First Look at REITs



# What is a REIT?

A company that owns, and in most cases operates, income-producing real estate. REITs own many types of commercial real estate, ranging from office and apartment buildings to warehouses, hospitals, shopping centers, hotels and agriculture

A Real Estate Investment Trust, “REIT” (pronounced REET) is a company that owns, operates, or finances income-producing real estate. These real estate companies must meet a number of requirements to qualify as REITs, but they trade on major stock exchanges, which offer a number of benefits to individual investors - like you!

To remain a “trust” and to keep certain tax advantages, REITs must pass along 90% of its profits to their investors. This means that, by law, REITs are obligated to pay their investors a portion of their profits. The income that is distributed to investors (which is also called a **dividend**), is the core reason investors love REITs.

If you’re currently in real estate or looking to get started in real estate, there are many things to consider when learning how to build wealth. Whether you’re interested in residential real estate or commercial real estate, you must be aware of your options in order to make the best decision for your financial future.

Here are things you want to consider as a real estate investor:

- *The time it will require to build your real estate portfolio*
- *How much money you’ll need to purchase real estate*
- *Your credit score or assets*
- *Your knowledge and skill set*
- *Your current access to resources, expertise, and support*
- *Your goals and vision for managing a real estate portfolio*
- *...and more!*

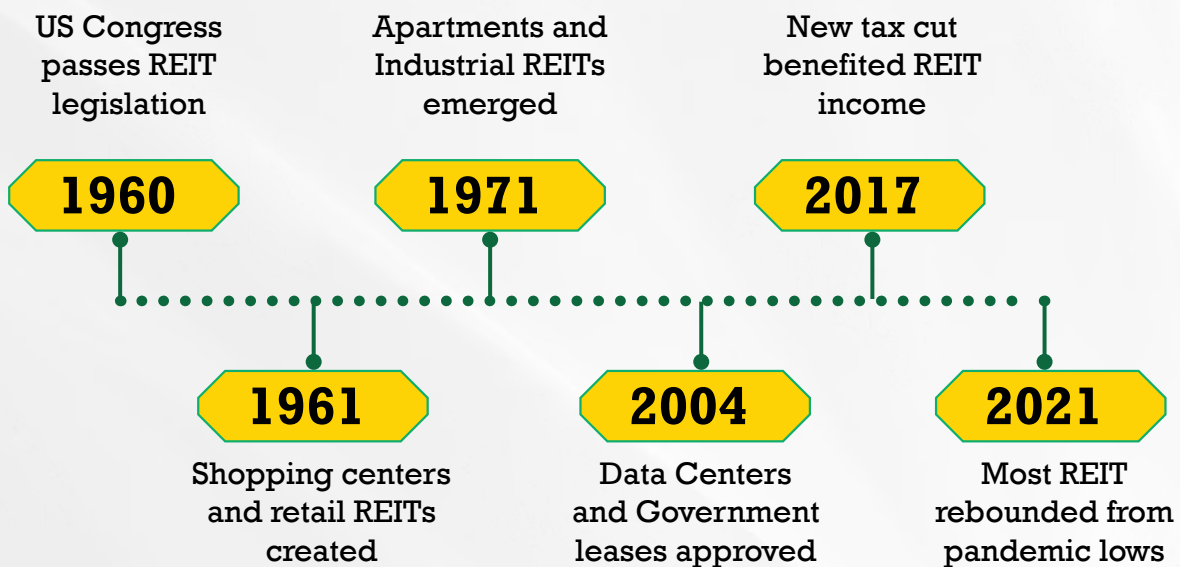
If getting into real estate is a goal of yours, what’s been holding you back? Chances are, it’s at least one of the items above. It’s important for us to educate you on how REITs work because...

**Anyone can buy shares of a REIT and earn passive income.**

# The History of REITs

Many people have never heard of a “REIT” but they have been around longer than you think. In the U.S. the laws that created this business structure were established by Congress in 1960, and the legislation passed gave all investors access to income-producing real estate through the stock market. Since then, the creation of REITs has served as the model for 40 different countries around the world.

Here’s a timeline for the history of REITs:



# How REITs Work

A REIT company acquires real estate with assets (money) they have raised from investors and financial institutions. The REIT then takes this capital and focuses on buying and managing income-producing commercial properties. The REIT owns and often manages the property, but also handles the finances, leasing and more. The operations of running a real estate company are executed by internal staff at most REITs.

The REIT is responsible for marketing to potential tenants, collecting income, and even handling legal issues. Simply put, they are well-rounded in their expertise in real estate.

When REITs go out to purchase their properties, they focus on finding quality, long-term tenants.

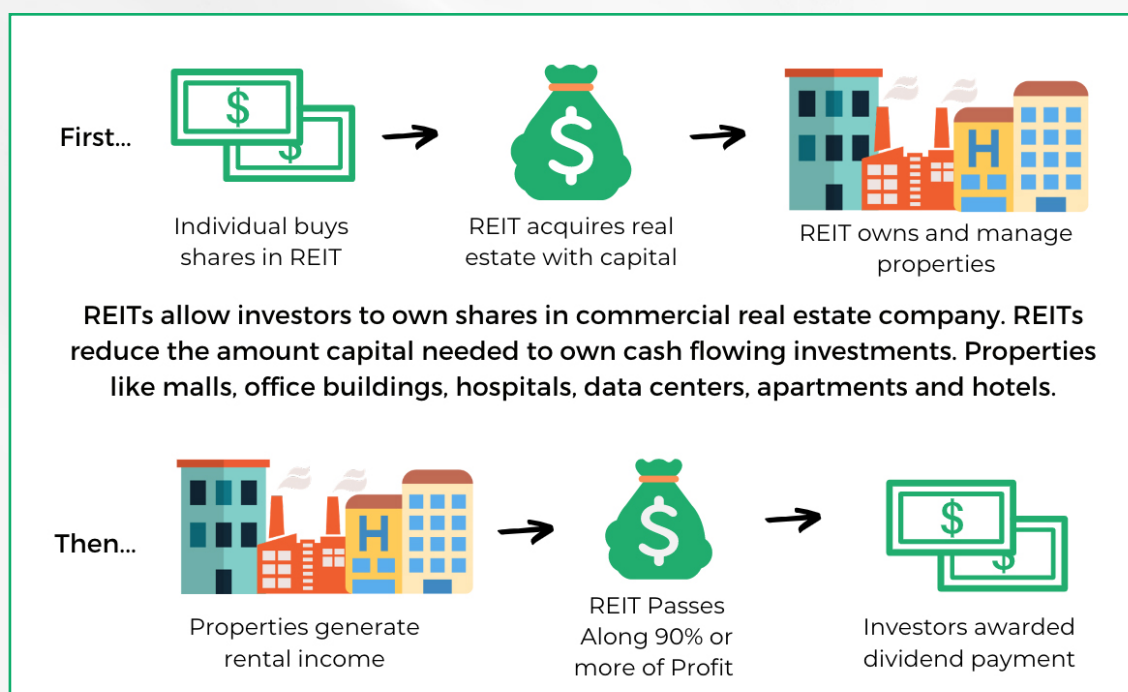
The number one reason REITs were created was to provide more Americans with the opportunity to invest in commercial real estate to earn passive income. The objective is to have strong tenants that are consistently paying their rent.

REITs are leaders in generating rental income, and your job as the investor in a REIT is to find the best ones. These are the REITs that have great tenants, a strong balance sheet, and a good amount of properties under their belt.

## Here are more details on how you make money as a REIT Investor

When a REIT's portfolio of properties earns rental income, as the investor, you get paid in the form of a **dividend**. This income is typically deposited as cash into your brokerage account.

You invest in the company that manages, owns and operates the commercial real estate, they collect the income, they manage the property, and after the REIT covers their expenses, they are obligated to pay you for every share you own.



**The more shares you own of that REIT,  
the higher your passive income will be.**

You do not have to touch the property. You do not have to sign any legal documents. You do not have to be the landlord.

# How to Find REITs

There are hundreds of REITs to invest in, and the best place to start exploring and see them all is inside the REIT Directory on NAREIT's website. This database provides a comprehensive list of REITs and publicly traded real estate companies that are members of NAREIT.

Use this directory to filter and sort by sector, listing status, and stock performance.

[Click Here to Explore](#)






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working for you

# How to Starting Investing in REITs: Brokerage Account Options

In order to invest in a REIT, you need to open a brokerage account. A brokerage account is an investment account that allows you to buy and sell a variety of investments, such as stocks, bonds, REITs, mutual funds, and ETFs. Most brokerage accounts do not require any initial deposit to open, and both U.S. and non-U.S. Citizens can open this account.

When selecting your brokerage account, there are a few categories you may want to consider.

*Note: Each of the major brokerage companies has good accounts, however, we've narrowed the comparison to our 5 favorites when picking the best account for a beginner.*

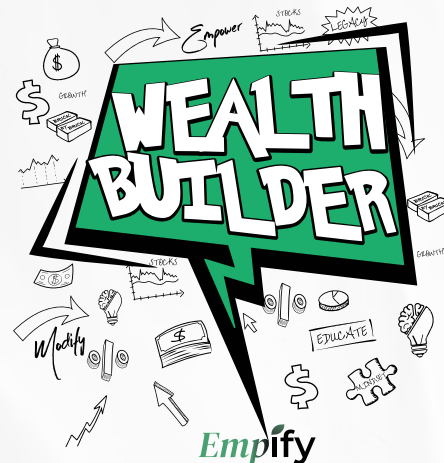
Overall Ranking	Brokerage Company	
#1	Stockpile (great for children and beginners)	
#2	Fidelity	
#3	Charles Schwab (acquired TD Ameritrade)	
#4	E*TRADE	
#5	Vanguard	

If you are not living in America, here are some of the best brokerage accounts for international investors.



To get 24/7 access to  
investment classes,  
guides, events, and  
resources that can help  
you build wealth, join the  
**WB INSIDER COMMUNITY**

Visit  
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