

THE FRANK J. FABOZZI SERIES

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g. timothy haight & daniel d. singer



The Real Estate
Investment
Handbook

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G. TIMOTHY HAIGHT
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G. Timothy Haight

This book is dedicated to my loving wife Ann, who has supported me both in my professional and personal development.

Daniel Singer

This book is dedicated to my fellow investors, partners, and colleagues for their help, support, encouragement, and friendship over the years.

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Preface

The Real Estate Investment Handbook is designed to be a tool for current and aspiring commercial real estate investors in developing and evaluating commercial real estate properties. In general, the commercial real estate market has been very “hot” since 2000 and gives every indication of remaining so throughout at least the middle of the decade. As a result of Federal government tax and monetary policies, commercial real investment provides excellent risk-return opportunities that enable many individuals to build a secure foundation for their wealth. In addition, most high income individuals are overinvested in the stock market. The portfolio of these individuals would benefit from diversification into commercial real estate. Unlike equity securities, commercial real estate often generates a substantial and predictable cash flow over time. The compounding effect of this cash flow can significantly enhance the performance of most investment portfolios.

Investing in commercial real estate is not for those whose mindset is to “get rich quick.” Investing in commercial real estate involves a deliberate trade-off between up-front investment costs and a stream of cash returns over a five-to-ten-year time horizon. This cash flow is normally augmented by a favorable tax treatment that can yield substantial benefits to the high income investor. The fact that such benefits are received over time lends a compounding effect to real estate returns that may lack the “flash” of a quick kill in the stock market, but more than compensates for this by a predictable income stream.

The market for commercial real estate is differentiated by both size and type. Investing in a condo, second residence, or even a small office building is well within the reach of middle income investors. Opportunities also exist for much larger investments. The point is that commercial real estate provides opportunities for both the small and large investor.

Different types of real estate investment also abound, ranging from single-family rental properties to industrial parks. These investments vary by the function they serve, the required skill and experience of the potential investor, and the characteristics of their cash flow. A given investor might not have the proclivity and experience to invest in a self-