



Essentials of
REAL ESTATE
Investment

ELEVENTH EDITION

David Sirota, PhD | Karen Stefano, *Contributing Editor*

Dearborn
Real Estate Education

Contents

Introduction	vii
Acknowledgments	ix
SECTION A: PRINCIPLES OF REAL ESTATE INVESTMENT	I
1 Introduction to Real Estate Investment	2
Introduction	2
The Nature of the Real Estate Market	3
Purposes of Investing in Real Estate	10
Advantages of Investing in Real Estate	11
Disadvantages of Investing in Real Estate	13
Sustainability	15
Summary	15
Discussion Topics	16
2 Ownership Interests in Real Property	18
Introduction	18
Individual Ownership	19
Group Ownership	24
Trust Ownership	33
Foreign Investors	38
Summary	39
Discussion Topics	40

3

Feasibility Studies of Real Estate Investments 42

Introduction	42
Market Analysis	43
Property Analysis	56
Summary	59
Discussion Topics	60

4

Income Taxes and Real Estate Investments 62

Introduction	62
Income Subject to Tax	63
Income Tax Rates	66
Real Estate Investments as Tax Shelters for Active Income	66
Real Estate Investments as Tax Shelters for Capital Gains	69
Summary	74
Discussion Topics	75

5

Financial Analysis of Real Estate Investments 77

Introduction	77
Financial Analysis	78
Calculators and Financial Analysis Software Programs	96
Summary	99
Discussion Topics	99

6

Financing for Real Estate Investments 102

Introduction	102
Sources of Funds	104
Forms of Real Estate Finance	107
Types of Real Estate Finance	109
Special Provisions for Investment Financing	113
Defaults and Foreclosures	116
Summary	120
Discussion Topics	122

SECTION B: PRACTICES OF REAL ESTATE INVESTMENT 124**7 Investing in Land 125**

Introduction	125
Essentials of Land Investment Feasibility Studies	126
Single-Lot Investments	129
Acreage	131
Evaluating Land	132
Summary	140
Discussion Topics	140

8 Investing in Residential Properties 142

Introduction	142
Single-Family Detached Homes	143
The Fair Housing Act	146
Multiunit Apartment Rentals	148
Cooperatives	154
Condominiums	157
Conversions to Condominiums	160
Summary	163
Discussion Topics	164

9 Investing in Office Buildings 166

Introduction	166
Office Building Management	167
Types of Office Investments	172
The Americans with Disabilities Act (ADA)	177
Summary	179
Discussion Topics	180

10 Investing in Commercial Real Estate 182

Introduction	182
Strip Store Buildings	183
Neighborhood Shopping Centers	185
Community Shopping Centers	192
Regional and Super-Regional Shopping Centers	194
E-Commerce Competition	197
Summary	197
Discussion Topics	198

11 Investing in Industrial Properties 200

Introduction	200
The Industrial Real Estate Market	201
Characteristics of Industrial Real Estate	202
Types of Industrial Investments	206
Summary	212
Discussion Topics	213

12 Investing in Special Real Estate 215

Introduction	215
Manufactured-Home Parks	215
Diverse Realty Investments	218
Alternate Investment Opportunities	222
Summary	226
Discussion Topics	227
Glossary	229
Answer Key	237
Index	241

Essentials of **REAL ESTATE** Investment

ELEVENTH EDITION

With accessible language, helpful examples, discussion topics, and other learning tools throughout each unit, *Essentials of Real Estate Investment* is a perfect overview of real estate investment.

FEATURES:

- An introduction to the nature of the real estate market with descriptions of different types of ownership, financing, and income tax laws.
- A unit-by-unit analysis of the various types of real estate investments, including the most up-to-date information and market conditions.
- For Example sections that help you make the leap from understanding a concept to knowing how to put that concept into practical use.
- Key terms at the beginning of each unit and unit summaries at the end help you hone in on the most important information.
- Discussion topics and review questions at the end of each unit test your knowledge of important topics. An answer key is provided at the back of the book.

Dearborn™
Real Estate Education

332 Front Street South, Suite 501, La Crosse, WI 54601
www.dearborn.com, 800.972.2220

For comments or queries about this product,
please email us at contentinquiries@dearborn.com.



Complete your real estate education and ensure your success with these additional titles from Dearborn™ Real Estate Education:

Essentials of Real Estate Finance

Property Management

The Language of Real Estate

Real Estate and Taxes: What Every Agent Should Know

Understanding 1031 Tax-Free Exchanges

PPN: 15590111
ISBN-13: 9781475433722

