

# Real Estate Investing Word Search

Answer Key

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## ■ 10 Terms & Definitions

<p><b>REIT</b></p> <p>A Real Estate Investment Trust (REIT) is a company that owns, operates, or finances income-producing real estate across sectors like apartments, office buildings, shopping centers, industrial warehouses, and healthcare facilities. REITs trade on major stock exchanges like regular</p>	<p><b>CASHFLOW</b></p> <p>Cash flow in real estate is the net income remaining after all property expenses are paid — including mortgage, taxes, insurance, maintenance, and property management. Positive cash flow means the property generates more rental income than it costs to own and operate. Cash flow i</p>
<p><b>EQUITY</b></p> <p>In real estate, equity is the difference between a property's market value and the outstanding mortgage balance. Equity grows through two mechanisms: paying down the mortgage principal (debt reduction) and property appreciation (value increases). Investors can access equity throu</p>	<p><b>LEVERAGE</b></p> <p>Leverage in real estate means using mortgage financing to control a large asset with a relatively small down payment. This amplifies both gains and losses. A 20% down payment means you're controlling \$5 of real estate for every \$1 of your own money (5:1 leverage). If the property</p>
<p><b>APPRAISAL</b></p> <p>A real estate appraisal is a professional assessment of a property's market value conducted by a licensed appraiser. Appraisals are required by lenders before approving mortgage loans to ensure the property is worth at least as much as the loan amount. They use the sales comparis</p>	<p><b>RENTAL</b></p> <p>Rental properties generate income by leasing residential or commercial space to tenants. Residential rentals (single-family homes, apartments, condos) are the most accessible entry point for individual investors. Key metrics include gross rental yield (annual rent / property pric</p>
<p><b>DEPRECIATION</b></p> <p>In real estate investing, depreciation is a powerful tax benefit that allows investors to deduct the cost of a residential rental property over 27.5 years (commercial: 39 years), even if the property is actually appreciating in value. This non-cash deduction reduces taxable incom</p>	<p><b>FLIPPER</b></p> <p>House flipping involves purchasing undervalued or distressed properties, renovating them to increase value, and selling them quickly for profit. Flippers profit from the difference between purchase price plus renovation costs and the final sale price (the "spread"). Success requi</p>
<p><b>VACANCY</b></p> <p>Vacancy rate is the percentage of a rental property's units or days that are unoccupied and not generating rental income. It is a crucial metric for real estate investors because even brief vacancies can significantly impact annual cash flow. Investors budget for a standard vacan</p>	<p><b>APPRECIATION</b></p> <p>Appreciation is the increase in a property's value over time. Historically, US home prices have appreciated at roughly 3–5% per year nationally, though some markets have far exceeded this. Combined with leverage, appreciation is one of the most powerful wealth-building forces in</p>