Commentary
Volume 10:11, 2021
DOI: 10.37421/jeom.2021.10.336

Journal of
Entrepreneurship & Organization Management

ISSN: 2169-026X
Open Access

Real Estate Entrepreneurship and Its Key Challenges

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Commentary

The U.S. frugality has been growing steadily since June 2009 in what a 2018 CNN Money point described as one of the longest- running profitable expansions in the country's history. To cite just two exemplifications of the strength of the frugality as ofmid-2018, consider the following maps. The first, from the U.S. Bureau of Labor Statistics, shows that in the months after the 2007-2009 recessions, the severance rate for periods 20 times and over had peaked at9.3 in October 2009. It has since returned to (and dipped below) pre-recession situations at3.4 through May 2019, representing a 17- time low.

The Challenges Real Estate Could Face

The U.S. profitable news has been so positive, in fact, that numerous investors moment worry the frugality could be due for a downturn. As this current bull request nears its 10th straight time and could come the longest- running period of profitable growth in U.S. history, enterprises about a correction may grow.

The combination of these factors has numerous investors wondering where to place their capital, and whether to concentrate primarily on trying to grow their wealth or simply to save it. One type of asset that has historically come in and out of favor, depending on the profitable climate, is real estate.

Real estate is cyclical and is affected by changes in the stock request. One specific order of real estate that has grown vastly in fashion ability among investors in recent times is Real Estate Investment Trusts (REITs). REITs are professionally managed associations that buy and operate marketable real estate parcels to induce both ongoing income and equity appreciation for their investors.

Although they were inked into law only 60 times a gone, REITs have formerly grown to a $1 trillion equity- request capitalization representing nearly $3 trillion in real estate means, as the civil REIT association NAREIT has refocused out. As popular as these investment vehicles have come, still, real estate (and therefore REITs) in the coming times could face several challenges

Profitable Compression

An expanding frugality could lead to new business conformation and the growth and expansion of being businesses, all of which can also lead to increased demand for real estate. The discourse, still, might also be true a weakening frugality can hinder demand for real estate, which can put downcast pressure on the performance of being marketable parcels. This could negatively affect real estate, particularly investors concentrated in the types of parcels, diligence, or geographical regions that are most oppressively harmed in a profitable downturn.

With the proliferation of REITs in recent times, there's a raised liability that some of these associations are being managed by leadership brigades that warrant sufficient knowledge and experience in real estate, finance, underwriting, and other disciplines necessary to successfully run these complex associations in the case of a request downturn. In other words, opting the right operation platoon for an investment in real estate will come decreasingly important. Also, icing an investment in real estate is spread across different topographies and sectors may reduce overused threat in any one concentrated sector or position.

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Received 30 November 2021; **Accepted** 06 December 2021; **Published** 10 December 2021

How to cite this article: John Kling. "Real Estate Entrepreneurship and Its Key Challenges." *J Entrepren Organiz Manag* 10 (2021): 336.