10 BEST REAL ESTATE STRATEGIES FOR 2021

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2020 has only proven what most in the real estate industry already know – the housing market is resilient and is a great place to invest your money. Right now, the US residential real estate market is the strongest sector amidst the pandemic. Demand and sales are generally up as are prices. So if you’ve seen the headlines about real estate lately, you may want to start planning for a real estate investment in 2021. When it comes to how to invest in real estate, there are actually several [real estate strategies](https://www.mashvisor.com/blog/real-estate-investment-strategies) you can choose from. And it’s a good idea to learn about the different options before making a move. Here are some of the best strategies for investing in real estate in 2021:

1. Real Estate Investment Trusts (REITs)

REITs are an ideal way to invest in real estate without actually owning a physical investment property. Basically, REITs are firms that own and manage investment properties to generate profits. As an investor, all you need to do is buy shares that represent partial ownership in the real estate company. You will then be entitled to a share in the [rental income](https://www.mashvisor.com/blog/how-to-calculate-rental-income/) generated, as well as profits from any sales.

Though investing in REITs is less risky compared to owning [cash flow properties](https://www.mashvisor.com/blog/positive-cash-flow-properties/), the returns are usually very little. In addition, investing fees can be very high.

*Learn More:*[*What Is a Real Estate Investment Trust (REIT)?*](https://www.mashvisor.com/blog/real-estate-investment-trust/)

2. Traditional Rental Properties

Looking for the [best real estate investment for beginners](https://www.mashvisor.com/)? Try rental properties. Traditional rental property investing involves buying residential units and then renting them out on a long-term basis. If your monthly rental expenses are less than the monthly rental income, you will enjoy [cash flow from your rental property every month](https://www.mashvisor.com/blog/monthly-cash-flow-investments/). The value of your investment property is likely to appreciate over time, and you can leverage the equity on your property to buy even more properties.

The downside of traditional rental [real estate strategies](https://www.mashvisor.com/) is that you might need a lot of money to buy an investment property. Fortunately, there are lenders that could give you a mortgage for little or no money down.

3. Airbnb Rental Properties

It’s true that [Airbnb rentals](https://www.mashvisor.com/) suffered when the pandemic first hit. But data shows that the [Airbnb market is in recovery](https://www.mashvisor.com/blog/airbnb-occupancy-rate-up-market-recovers/) now, even as COVID-19 continues. So [buying Airbnb property](https://www.mashvisor.com/blog/buying-airbnb-property-2019-3-tools/) in 2021 *(in the right place)*could therefore turn out to be a very lucrative investment. Since rates are charged on a nightly basis, you will probably make more money than with a traditional rental. In addition, you could lower your taxes by deducting costs like cleaning, insurance, and management fees. The challenge with short-term rental real estate strategies is that you might have to deal with a plethora of legal and regulatory issues.

4. House Flipping

Also referred to as fix and flip, house flipping is a concept that has been popularized by reality TV shows. It is when a real estate investor buys an outdated or distressed home at a low price, renovates it, and then sells it at a higher price. Based on recent data and analysis, the [fix and flip strategy](https://www.mashvisor.com/blog/will-fix-and-flip-be-profitable-2021/) will be profitable in 2021.

While flipping is one of the most effective [real estate strategies](https://www.mashvisor.com/) for making profits within a short time, you can also lose lots of money if you don’t do it right. You must therefore acquire the necessary skills, knowledge, and competence to be successful.

*Related:*[*How to Flip Houses with the Help of Mashvisor*](https://www.mashvisor.com/blog/how-to-flip-houses-with-mashvisor/)

5. Real Estate Investment Partnership



*Looking for a real estate strategy for 2021? Try a partnership.*

A real estate investment partnership is an entity made up of individual investors who put their money together to invest in real estate. Such groups usually have a general partner who handles the buying, leasing, and development of investment properties. As an investor, you are entitled to a share of the income generated from the properties. Just like REITs, a real estate partnership is one of the real estate strategies where you can invest in real estate without owning physical [income property](https://www.mashvisor.com/). However, be sure to do your due diligence before joining any partnership in 2021.

6. Real Estate Wholesaling

Do you want to experience a quick turnaround time in [real estate deals](https://www.mashvisor.com/)? Then you might want to consider real estate wholesaling. In this strategy, an investor looks for a home that is being sold below market value. After negotiating and signing a contract of purchase with the seller, the investor will then find an end-buyer and assign the contract to them at a higher price. The seller will then be paid the agreed amount, while the wholesaler retains the difference as profit.

Before venturing into in-person or [virtual wholesaling](https://www.mashvisor.com/blog/virtual-wholesaling-guide/), get familiar with the laws in your jurisdiction. For example, some places only allow licensed agents to earn a commission in a real estate deal. You should also build large networks of potential sellers and buyers in order to be successful with such [real estate strategies](https://www.mashvisor.com/).

*Related:*[*What Is Real Estate Wholesaling and Is It Right for Me?*](https://www.mashvisor.com/blog/what-is-real-estate-wholesaling/)

7. Buy and Hold

As the name suggests, buy and hold is a strategy where an investor buys an investment property and holds on to it for a long period of time. The idea is to wait for the property to appreciate in value before selling it for a return on investment. In the meantime, the investor could rent it out to generate some income which could cover mortgage payments.

For 2021, [Zillow](https://www.zillow.com/home-values/) predicts that home values will appreciate by 7% on the national level, making this a good strategy for next year. However, to succeed with buy and hold real estate strategies, investors must choose an area that will guarantee property appreciation and a good rental income.

8. House Hacking

If you are planning to [buy a multi-family property](https://www.mashvisor.com/blog/find-multifamily-property-for-sale/) like a duplex, triplex, or fourplex, [house hacking](https://www.mashvisor.com/blog/house-hacking-ultimate-guide) is one of the [real estate strategies](https://www.mashvisor.com/) worth considering. This is where an investor lives in one unit of his/her property, and then rents out the rest to tenants. With this strategy, you can qualify for a low down payment loan. Additionally, the rent collected offsets the mortgage payments, as well as other expenses associated with the property.

9. Real Estate Mutual Funds

Another common and easy way to [invest in real estate](https://www.mashvisor.com/) is to purchase shares of a mutual fund that has investments in residential or commercial properties. The ability to simply buy such shares on the stock market exchanges makes this one of the easiest [real estate strategies](https://www.mashvisor.com/) to get started with. In addition, you don’t need much money to invest in [real estate mutual funds](https://www.mashvisor.com/blog/real-estate-mutual-funds-2020/). However, since you don’t have any control, you will be totally dependent on the competency and integrity of the asset managers.

10. Online Real Estate Investment Platforms

At times, real estate developers who require funding for projects use online crowdfunding platforms to connect with individual investors. Top real estate crowdfunding platforms include Fundrise, RealtyMogul, Rich Uncles, AcreTrader, and CrowdStreet. Please note that some of these platforms require you to be an accredited investor. Before getting involved in such real estate strategies, take time to educate yourself on the different platforms, markets, properties, sponsors, and opportunities.

What Is the Best Real Estate Strategy for 2021?

It is a strategy that matches your goals, budget, needs, personality, and skills. However, we here at Mashvisor will always recommend investing in rental properties. Whether you go with long-term rentals or Airbnb rental properties, you will enjoy cash flow and value appreciation. And there are plenty of financing options available for those who don’t have the money saved up to buy a whole investment property in cash.

If you want to start on the right path with this strategy, then start your search with Mashvisor’s real estate investment tools. [Sign up now and take advantage of our limited-time offer of 25% off](https://www.mashvisor.com/checkout?src=pricing#?plan=Standard_Annual&coupon=25TREAT)