

Name _____

The Exciting World of Real Estate Investment

Open-Ended Response Answer Key

1. Real estate investors might choose to diversify their investments to spread risk and have a mix of steady rental income from residential properties and potentially higher returns from commercial properties.
2. Potential risks for real estate investors include market fluctuations, unexpected property repairs, vacancies, and changes in interest rates.
3. When deciding whether to buy a property for rental income or for flipping, factors to consider may include location, market conditions, renovation costs, and the investor's long-term goals.
4. Changes in the economy, such as a recession, can impact the profitability of real estate investments by affecting property values, tenant demand, and interest rates.

