

# The Easiest Side Hustle: Invest in Commercial Real Estate and Earn Passive Income Every Month (I've Invested \$50,000)

I [first came across Rich Uncles in 2015](#), when my wife and I were contemplating buying a second piece of investment real estate. Our first was our “accidental investment” condo. Managing the condo was a series of headaches our first few years as accidental landlords, and we eventually hired a \$100/month property manager for the rental, as we didn't enjoy the process. It took twelve years of holding onto the condo before we could sell for a price that was break-even to its original 2005 purchase price (sold eventually in October 2017).

This is all to explain why we ultimately decided to exit the business of holding physical real estate for investment purposes. We would rather have a balance sheet with little to no debt as that brings the GYFG household a lot of peace of mind. Plus, a non-physical investment requires much less mental bandwidth, which I need a lot of to aggressively research and pursue investments of all classifications that fit my profile requirements to hit my goals. But this doesn't mean that we are no longer interested in real estate as an investment class. We just don't want to own it directly, and would prefer to invest in it passively (for now).

To date, we have found two alternative ways [to passively participate in real estate related investments](#). Most recently, over the course of the last year we put \$100,000 to work through the [PeerStreet](#) platform (talked about [here](#) and [here](#)), which allows us access to the debt side of real estate investing via [hard money lending](#) in the residential sector. However, our first experiment in passive real estate investing was through the [Rich Uncles](#) platform, participating on the equity side of real estate in the commercial sector, which we will discuss here.

Rich Uncles is a non-listed public Real Estate Investment Trust (REIT) that invests exclusively in commercial real estate. When its first fund opened to investors, it was initially only available to California residents, but they have since started a second fund that is open to investors across the United States. [Our first investment in May of](#)

[2015](#) was small at \$500 to test the waters. We now have \$50,000 invested through the platform. With a 7% annual dividend, paid monthly, we are currently earning \$3,500 per year in passive income (with our dividends automatically re-invested to stoke the compounding fire).

## So, What Makes Rich Uncles So Appealing?

“The essence of portfolio management is the management of risks, not returns.” – Benjamin Graham

Where do I start? The Rich Uncles investment philosophy aligns very well with my own investment philosophy, which looks at investments through the lens of risk mitigation first. I’m looking for investments that exhibit asymmetrical risk to reward profiles, to build what Warren Buffett refers to as a “margin of safety.” As described in my list below of Rich Uncles’ characteristics, I think you’ll see that it fits this parameter very well.

I’m looking for investments that I believe are going to return more than \$1 dollar for every \$1 of risk I take. Ideally, I want to follow the [philosophy of billionaire Paul Tudor Jones](#), who only makes investments when he thinks there is at least \$5 worth of reward for every \$1 of risk. This allows me to be wrong four out of five times and still be whole (i.e., break even).

**Remember, the primary goal before return on your capital is the return of your capital!**

### How You Can Make Money with Rich Uncles

The Rich Uncles formula for building wealth\*



Monthly cash dividends

+



Increases in property value

+



Tax savings

=



Your total return

Now, on to the list of characteristics that makes investing in the Rich Uncles REIT so attractive:

(1) Tenants are typically recognizable creditworthy tenants. We're talking about big companies like Chase, Del Taco, Chevron, Dollar General, GAP, Williams Sonoma, Harley Davidson, Wyndham, etc.

(2) Tenants pay all property-related expenses due to the nature of the leases being triple net (NNN). This includes taxes, insurance, utilities, and maintenance. The leases tend to be long, with an average of ten-year lease terms.

(3) The properties are purchased with 50% or more cash down payment, so there is not an excessive amount of leverage used.

(4) The current fund (Rich Uncles NNN REIT) pays an annual 7% dividend with monthly distributions.

(5) Although I tend to view illiquidity as a feature rather than a risk, most investors like to have some form of liquidity. Rich Uncles provides investors the ability to cash out through their monthly share repurchase program.

(6) About 1/3 of dividends are expected to be shielded from ordinary income taxes due to depreciation. This is actually something I previously thought was unavailable, unless investing directly in physical real estate.

(7) The fees are lower due to no middleman trying to make a commission by selling shares. It's estimated that the fees are about 10% less than other REITS. 97% of the gross proceeds from the sale of shares will be used for investments.

(8) Rich Uncles REITs (they have two funds, but one is no longer open for investment) are public offerings registered with the U.S. Securities and Exchange Commission ensuring transparency through required financial audits and ongoing reporting.

(9) The minimum investment is very doable for almost anyone at \$500.

(10) You don't even have to be an accredited investor.

## **Meet The Rich Uncles**



Ray Wirta  
Founding Investor

In 2012, Uncle Ray launched the idea of "Real Estate Investing for Everyone" and Rich Uncles was born.

Ray is the Chairman of CBRE Group, Inc. (NYSE:CBG), a Fortune 500 and S&P 500 company that is the world's largest commercial real estate services and investment firm with 2015 revenues of \$11 billion.

CBRE has approximately 70,000 employees, and serves real estate owners, investors and occupiers through approximately 370 offices worldwide.

Ray has a passion for cutting-edge real estate strategies, which led to the creation of Rich Uncles.

An avid cyclist, on weekends Ray can be found on his mountain bike exploring the great outdoors.



Harold Hofer  
Chief Executive Officer

Uncle Harold is responsible for the overall direction of Rich Uncles, including real estate, finance, and legal.

Harold is a seasoned real estate expert with \$2 billion in transactional experience. He is a graduate of the UCLA School of Law.

Over the past 30 years Harold has sponsored numerous real estate funds for individual investors in the form of Limited Partnerships, Limited Liability Companies, and Real Estate Investment Trusts. It was long before Crowdfunding was in vogue that Harold began helping wealthy investors enjoy the kind of opportunities Rich Uncles offers you today.

Harold's sunrise surf sessions set a positive tone for the rest of his day.

## The Expected Return

Obviously, no one can tell the future, but I think a 12% compounded return is a reasonable expectation. The 7% annual dividend gets you more than halfway there. The rest would come from anticipated appreciation in the value of the commercial properties.

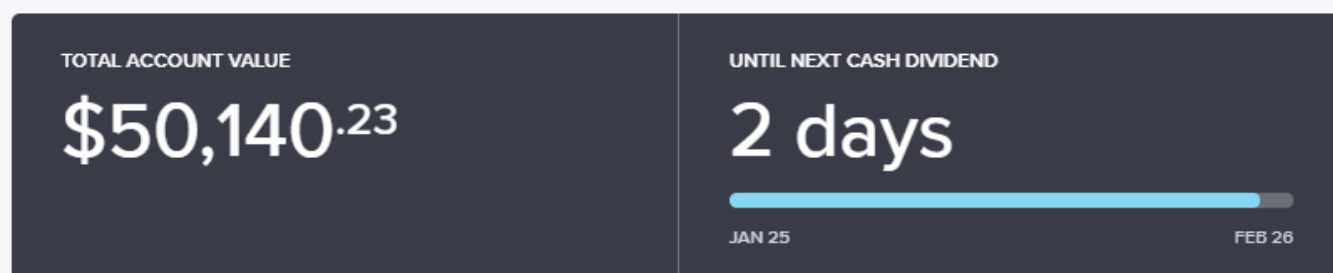
Keep this in mind: if you're earning a 7% dividend, your investment is going to double approximately every 10 years. So, in three decades you would have increased your investment by 8X. And this is before any appreciation (which we won't count on, but will hope for). If you get 12%, your investment is doubling every 6 years and would have increased 30X in 30 years. (Look at the amazing power of compounding with a compound return that is 5% higher.)

This assumes dividend reinvestment.

If you've been a reader for a while, you know that I tend to build up large amounts of capital until I have the conviction to go big on an investment. I tend to make large concentrated investments, instead of a lot of small ones. In the last two

months I have added \$37,000 in new capital to this investment, which brings my current account value to a tad over \$50,000 ([which was my goal by the end of Q2](#)). On top of this, I am automatically investing an additional \$1,000 per month (and all dividends are automatically reinvested). The end goal is to build this investment up to \$100,000 over the next 12 to 18 months.

## Account Overview



ID	REIT	Type	Amount	Payment	Created at	Status
#125953	Rich Uncles NNN REIT	Additional Investment	\$23,000.00	ACH	Issued at February 23, 2018	Issued
#124604	Rich Uncles NNN REIT	Automatic investment	\$500.00	ACH	Issued at February 06, 2018	Issued
#124089	Rich Uncles NNN REIT	Automatic investment	\$500.00	ACH	Issued at February 06, 2018	Issued
#116612	Rich Uncles NNN REIT	Dividends Reinvested	\$60.85	Reinvest	Issued at January 25, 2018	Issued
#114372	Rich Uncles NNN REIT	Additional Investment	\$12,000.00	ACH	Issued at January 09, 2018	Issued
#114197	Rich Uncles NNN REIT	Automatic investment	\$500.00	ACH	Issued at January 08, 2018	Issued
#113648	Rich Uncles NNN REIT	Automatic investment	\$500.00	ACH	Issued at January 08, 2018	Issued
#113351	Rich Uncles NNN REIT	Additional Investment	\$2,000.00	ACH	Issued at December 29, 2017	Issued

Here is a handy little chart to give you an idea of how long it takes to double your

return at different compounded rates and what your total investment would be worth at different lengths of time:

Compound Return	Years to Double Investment	At 5 Yrs	At 10 Yrs	At 20 Yrs	At 30 Yrs
5.0%	14	1.3X	1.6X	2.7X	4.3X
7.0%	10	1.4X	2.0X	3.9X	7.6X
10.0%	7	1.6X	2.6X	6.7X	17.4X
12.0%	6	1.8X	3.1X	9.6X	30.0X
15.0%	5	2.0X	4.0X	16.4X	66.2X

Ok, it's your turn to take action. If you want the easiest side hustle around to earn monthly passive income, [then go set up a free account with Rich Uncles now!](#)

*Seriously, what are you waiting for? The fortune is in the follow through. I'm suspecting lately that a lot of people might be reading my blog passively. But you won't make any money by just reading this post! If I am recommending something, it's because I am doing it myself successfully, and want the same for you. I promise to try and push you to **action** more often and more aggressively than I have in the past (your future wealth and self will benefit because of it). My goal is to "get rich fast," and show you how to do it, too. What are your thoughts? Let me know in the comments below.*

- Gen Y Finance Guy



## Gen Y Finance Guy

**Hey, I'm Dom** - the man behind the cartoon. You'll notice that I sign off as "Gen Y Finance Guy" on all my posts, due to the fact that I write this blog anonymously (at least for now). I like to think of myself as the *Chief Freedom Officer* here of my little corner of the internet. In the real world, I'm a 30-something former C-Suite executive turned entrepreneur turned capital allocator. I am trying to humanize

finance by sharing my own journey to Financial Freedom. I believe in total *honesty* and *transparency*. That is why before I ever started blogging, I decided that I would share all of my own [financial stats](#). I do this not to brag, but instead to inspire motivate, and also to hold myself accountable. My goal is to be a beacon of hope, motivation, and inspiration for *you*, the reader, by living life by example and sharing it **all** here on the blog. My sincere hope is that you will be able to learn from me - both from my successes and my failures! [Read More](#)