



Real Estate vs REIT Comparator

Compare the financial outcomes of investing \$100,000 in direct property ownership versus REIT shares over 10 years.



Direct Property Ownership

Property Purchase Price:

Down Payment (Your \$100K):

Monthly Rent Income:

Annual Expenses (taxes, insurance, maintenance):

Annual Appreciation Rate (%):

Mortgage Rate (%):

\$153,502

10-Year Total Return

✓ Pros:

- Leverage amplifies returns
- Tax deductions (mortgage interest, depreciation)
- Control over property decisions
- Tangible asset you can use



REIT Investment

Initial Investment:

Expected Annual Total Return (%):

Dividend Yield (%):

Annual Expense Ratio (%):

Reinvest Dividends?

Yes - DRIP

\$213,902

10-Year Total Value

✓ Pros:

- Highly liquid (sell anytime)
- Low minimum investment
- Instant diversification
- Professional management

✗ Cons:

- No leverage (can't use mortgage)
- Dividends taxed as ordinary income
- No control over properties
- More volatile than direct RE

X Cons:

- Illiquid - hard to sell quickly
- High transaction costs (6%+ to sell)
- Time and effort to manage
- Concentrated risk (one property)

Calculate & Compare

Trade-Off Analysis

Factor	Direct Property	REIT	Winner
Liquidity	Months to sell	Seconds to sell	REIT
Minimum Investment	\$50K+ down payment	\$1+	REIT
Leverage	4-5x with mortgage	None (without margin)	Direct
Tax Benefits	Depreciation, 1031 exchange	Dividends taxed as income	Direct
Diversification	Single property	Hundreds of properties	REIT
Time Required	10+ hours/month	Minutes/month	REIT

For which type of investor is direct property ownership better? Why?

Consider time availability, expertise, tax situation, risk tolerance...

When would you recommend REITs over direct ownership?

Consider liquidity needs, diversification goals, passive income preferences...