



DELAWARE STATUTORY TRUST (DST)

An Introduction

WHAT IS A DELAWARE STATUTORY TRUST?

A Delaware Statutory Trust (DST) is a legal entity created under Delaware law that enables multiple investors to own fractional interests in a property or portfolio of properties.

DSTs are commonly used in real estate investing as a way to pool resources and invest in larger, income-producing properties.

These properties can include commercial buildings, apartment complexes, retail centers, or other types of real estate assets.

ADVANTAGES OF DST

Passive Income

Most DSTs provide monthly cash flow starting in year one. No management of the property or decision rights.

Diversification

DSTs have low minimum investment amounts (\$100k). Also, some DSTs have multiple properties. Investors can create a "portfolio" of DSTs with diversification of property types and geographic locations.

Tax Advantages

DSTs can be used as replacement property in a 1031 exchange. DSTs have a similar tax treatment to other investment real estate. DSTs provide a basis step up upon passing.

DISADVANTAGES OF DST

Liquidity

DSTs provide no liquidity during the course of the investment. Investors must plan for liquidity needs prior to completing their exchange.

No Control

Investors have no say in the management of the property or when the property will be sold. This responsibility rests with the DST sponsor. It is critical for the investor to understand the track record and ability of the DST sponsor before investing. NOTE: some investors find lack of control a positive. They are seeking truly passive income.

FREQUENTLY ASKED QUESTIONS

DST have debt, how does this work?

All debt on DST investments is non-recourse to investors. Debt allows some investors to complete their 1031 exchange.

How long do I have to stay in a DST investment?

There is no set time-line on when any DST program will sell (full-cycle). If a DST has debt, most DST will sell before the debt comes due (usually 10 years). On average, large DSTs sponsors have sold within 7.5 years historically.

Are DSTs risk free? Can I lose money?

No investment is risk free. DSTs are simply real estate. Investing in real estate has various risks.

What does Insight do?

We help investors navigate the 1031 exchange process, perform due diligence on DST sponsors and DST 1031 exchange process, perform due diligence on DST sponsors and DST investments. investments.

DST MIGHT BE A FIT, WHAT DO I DO NEXT?



Reach out to Insight!

Send an email to
support@investwithinsight.com
to connect with an adviser to
discuss your situation.