What Is a Non-Traded REIT?

A non-traded REIT is a private real estate investment vehicle not listed or traded on a public exchange. Non-traded REITs are designed to provide individual investors access to income-producing, institutional-caliber private real estate.

Non-Traded REIT Investment Benefits

Access to Private Real Estate

Non-traded REITs directly own commercial real estate properties and mortgages across a variety of property types. They offer the potential for attractive current income and moderate capital appreciation over time.

Attractive Distributions

Non-traded REITs pay investors distributions (typically monthly), which are generated from rents and mortgage interest payments.

Investment Transparency

Non-traded REITs file mandatory regulatory filings and investor reports. They are subject to oversight from FINRA, the SEC and state regulators, helping to ensure financial transparency.

Features of Non-Traded REITs

A non-traded REIT has several attractive features—most notably that it is designed to access income-producing private real estate, with periodic liquidity.

Subscriptions

Investors can initiate and add to investments periodically (typically monthly).

Liquidity

A non-traded REIT is not listed on a stock exchange, but it seeks to provide regular liquidity through redemption programs subject to terms described in the investment's prospectus.

Valuations

Assets are valued by independent third parties and published regularly so investors can evaluate the performance of their investment.

Tax Considerations[1]

REITs are required to distribute at least 90% of their taxable income to stockholders annually. In addition, U.S. investors get the investment and tax benefits of direct real estate ownership, along with the ease of Form 1099 reporting.

Potential Benefits of Adding a Non-Traded REIT to Your Portfolio

Income Generation[2]

Non-traded REITs include long-term private real assets with income-producing potential. They may offer investors attractive dividends compared with other investments, as they are required to distribute at least 90% of their taxable income to shareholders annually.

Market Volatility Dampener[3]

Private real estate has historically exhibited significantly less volatility than public real estate and equity markets, because these assets are not traded in public markets and valuations are generally determined by a third party based on the fundamentals of the underlying assets.

Portfolio Diversification[4]

Private real estate has the potential to add effective diversification to stocks and bonds, as well as to public real estate. An allocation to private real estate has historically increased returns and lowered volatility when added to a traditional 60% equity and 40% bond portfolio.

Inflation Hedge[5]

Private U.S. real estate returns exceeded those of stocks and bonds in periods when U.S. inflation was higher than average. This is largely because rent escalations are often tied to inflation and rising input costs can discourage new development—limiting supply and putting upward pressure on rents.

Endnotes

1. Investors should contact their own legal or tax advisors to learn more about the rules that may affect their individual situation.
2. Income is not guaranteed. While non-traded REITs seek to generate income, distributions may vary over time and are subject to the performance of the underlying assets and other factors.
3. The degree to which private real estate may experience lower volatility than public markets is not guaranteed and may vary based on market conditions and asset performance.
4. Diversification does not guarantee a profit or protect against loss.
5. While private real estate has historically exhibited characteristics that may help offset inflation, such results may not occur in all market conditions.

IMPORTANT DISCLOSURES

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Past performance is no guarantee of future results.

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Forward-Looking Statements

Forward-looking statements are typically identified by words such as ‘expect’, ‘anticipate’, ‘believe’, ‘foresee’, ‘could’, ‘estimate’, ‘goal’, ‘intend’, ‘plan’, ‘seek’, ‘strive’, ‘will’, ‘may’ and ‘should’ and similar expressions. In particular, the forward-looking statements contained in this presentation include statements referring to the impact of current market or economic conditions on our businesses, the future state of the economy or securities market, the expected future trading price of our shares or financial results, the results of future fundraising efforts, the expected growth, size or performance of future or existing strategies, future investment opportunities, or the results of future asset sales. Forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining our actual future results or outcomes. Consequently, no forward-looking statement can be guaranteed. Our actual results or outcomes may vary materially. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

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