



SINGER REALTY GROUP



Understanding Delaware Statutory Trusts

A passive way to own institutional-grade real estate, ideal for
1031 exchange investors.

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THE BASICS

What Is a DST?

A foundational overview before we get into benefits, structure, and who DSTs tend to fit best.



1

A Legal Entity for Shared Ownership

A Delaware Statutory Trust (DST) is a legal entity used to hold title to one or more investment properties. Instead of buying and managing an entire property yourself, you purchase a fractional, undivided interest in the trust alongside other investors, giving you an ownership stake in real estate such as apartment communities, industrial buildings, self-storage facilities, or medical office space, often at a scale you couldn't access on your own.

2

Fully Passive by Design

A professional sponsor or trustee handles all day-to-day decisions: leasing, maintenance, tenant relations, and eventual sale of the property. As an investor, you receive regular distributions and periodic reporting, but you are not involved in operations. This is one of the biggest draws for owners who are tired of the "three T's" of direct ownership: tenants, toilets, and trash.



WHY INVESTORS USE THEM

1031 Exchanges & Key Benefits



DSTs were built with a specific tax strategy in mind, and that's typically where the conversation starts.

3

A 1031 Exchange Replacement Property

The IRS recognizes an interest in a DST as "like-kind" real property for purposes of a 1031 exchange. That means an investor selling appreciated investment real estate can potentially defer capital gains taxes by reinvesting the proceeds into a DST, rather than identifying and closing on a new property directly within the exchange's strict timelines, which can be difficult when you're also trying to negotiate a purchase, arrange financing, and complete due diligence in 45 and 180 days.

4

Income, Diversification & Access

Because minimum investments are often much lower than the cost of buying a whole property, DSTs make it possible to spread a single exchange across multiple properties, markets, and asset types (apartments, industrial, retail, and more) rather than concentrating everything in one building. Many DSTs are also structured to make regular income distributions and offer access to institutional-quality assets that would otherwise be out of reach for an individual investor.



CONSIDERATIONS

Who It's For & What to Weigh

DSTs aren't the right fit for every investor or every exchange. Here's what tends to matter most.



5

Often a Good Fit For

Investors nearing retirement who want to step away from active property management, owners facing a tight 1031 timeline with limited replacement options, and those looking to diversify a single large property across several assets often gravitate toward DSTs. They can also suit investors who want real estate exposure and potential income without the day-to-day responsibilities of being a landlord.

6

Risks & Trade-Offs to Understand

DST interests are illiquid. There is typically no public market to sell your position, and holding periods are often five to ten years. Investors give up management control entirely, distributions are never guaranteed, and returns depend on the performance of the underlying property and the sponsor's execution. As with any investment, it's possible to lose principal. DSTs are also generally limited to accredited investors and involve offering documents that should be read carefully.



Exploring a 1031 Exchange?

If you're weighing a sale and want to understand what your exchange options could look like, I'm happy to talk through the real estate side and connect you with qualified intermediaries and DST sponsors as part of your due diligence.

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