

DST

1031 EXCHANGE

Defer Taxes. Diversify. Invest Passively.

A Delaware Statutory Trust (DST) 1031 exchange allows real estate investors to defer capital gains taxes by reinvesting sale proceeds into fractional ownership of institutional-grade properties.

It enables passive ownership, diversification, and eliminates management hassles, with investors receiving pro-rata rental income.



KEY ASPECTS OF A DST 1031 EXCHANGE



PASSIVE INVESTMENT:

Investors (typically accredited) do not manage the properties, making it ideal for those seeking to move away from active management.



TAX DEFERRAL:

Used to defer capital gains, depreciation recapture, and state income taxes.



REPLACEMENT PROPERTY:

DSTs offer a pre-packaged, passive replacement property option within the required 45-day identification and 180-day closing windows.



DIVERSIFICATION:

Investors can spread equity across multiple DSTs, reducing risk compared to owning a single replacement property.



LIABILITY:

Investors have limited liability, and in many cases, do not personally assume debt.

THE PROCESS



1. SELL RELINQUISHED PROPERTY:

The sale closes, and proceeds are held by a Qualified Intermediary (QI).



2. IDENTIFY DST INTERESTS:

Within 45 days, you identify specific DST investments as your replacement property.



3. CLOSE ON DST:

Within 180 days, the QI transfers the funds to the DST sponsor to acquire the interest.

COMMON RISKS AND CONSIDERATIONS



LIQUIDITY:

DST investments are illiquid, meant for long-term holding, often 5–10 years or more.



NO CONTROL:

Investors have no decision-making authority, which is delegated to the DST manager.



FEES:

DSTs involve upfront offering and structural fees.

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