Kenwood
MANAGEMENT COMPANY

REAL ESTATE INVESTMENT MODEL COMPARISON

Do It Yourself vs. REIT vs. Private Equity
(THE KENWOOD MODEL)

Using these ten criteria, you can start thinking about how to launch your real estate investment journey.

	DO IT YOURSELF MODEL	REIT MODEL	PRIVATE EQUITY MODEL (KENWOOD MODEL)
Active Versus Passive Investment	Active – You are responsible for everything.	Passive – The REIT handles all real estate matters.	Passive – The Sponsor (i.e. Kenwood) would handle all real estate matters.
Property Management Responsibilities	Active - All responsibilities are yours. You collect the rents, respond to tenant calls, and pay all bills.	Internal or external 3rd party management team. External management may not have the same goals as the internal management team.	Kenwood provides this service exclusively for its investment properties.
Capital Required to Invest	Generally large - You need to provide 100% of the equity plus closing costs and working capital.	Relatively small – based on share price.	As little as $25,000.
Liquidity	Not liquid. You would need to sell the property to create liquidity.	Very liquid. Easy to sell shares.	Considered illiquid; however, Kenwood's sponsor will generally buy out an investor's interest.
Deciding What Property to Invest in – Know What You Own	You have complete control.	No control over properties purchased. REIT may specify. property type, but not location.	Investors are purchasing a specific property. The investor has complete control if they want to invest.
Market knowledge	It depends on you. Continuing to keep up to date with market developments is important.	Generally good understanding of markets that they invest in. Wall Street analysts may encourage REITs to invest in certain markets.	Kenwood only operates in the Washington DC and Baltimore submarkets. By limiting the number of markets Kenwood operates in, our market knowledge is extensive.
Experience of Sponsor and Operating history	It depends on your experience.	Varies with each REIT.	Kenwood has been a real estate owner and operator since December 1996
Alignment of Interests	Yes – it is all your money.	Uncertain – generally senior executives own shares in the REIT. Wall Street analysts may also encourage REITs to make certain decisions in an attempt to increase share price.	Yes - Kenwood's sponsors always invest in each property. Kenwood generally invests between 10 – 20% of the needed equity with the balance coming from outside investors.
Tax Advantages Available Through 1031 Tax Deferred Exchanges	Yes – these benefits are available.	Not available to REIT investors.	Yes – these benefits are available.
Benefits of Refinance Proceeds	Yes – When the property is refinanced, the proceeds are tax-deferred.	Not available.	Yes – When the property is refinanced, the proceeds are tax-deferred.

Want to learn more about kickstarting your real estate investment journey?
Want to create a well-balance portfolio that delivers? We're here to help.

KENWOODMGT.COM | 301.656.7790 | INFO@KENWOODMGT.COM