# ASK THE **ADVISERS**

The views and opinions expressed in "Ask the Advisers" are solely those of Keith Singer.


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# Private Real Estate

With inflation on the rise, savers and investors are looking for the best way to keep up. Stocks have been doing very well, but they can be volatile and with valuations at the upper end of historical averages, it may not be the best time to jump into stocks.

Bonds currently have exceptionally low yields and can lose value if interest rates rise. Real estate has historically performed well as an inflation hedge while providing tax favored income and the added diversification of a non-correlated asset.

If you do not have the time or desire to own, operate, and manage real estate as an income investment, you can invest in a publicly traded REIT or a private real estate investment. A publicly traded REIT trades like a stock. It is liquid in the sense that you can purchase shares in a REIT and instantly sell your shares on the open market. While you own the shares, you receive your dividends, and you get the appreciation or the depreciation of the REIT shares.

Although you have the same liquidity as a publicly traded stock, you also have the same volatility. For instance, when COVID-19 caused a panic in the financial markets in March of 2020, the Vanguard REIT Index (VNQ) dropped about 40% in 4 weeks.

Alternatively, you can invest in real estate funds that are not publicly traded which are less liquid if you want to sell during a panic, but they also tend to be much less volatile. When the COVID panic hit many of the private real estate funds remained stable during that time. Some private REITs require investors to be accredited.

Since 1992 the S&P 500's best rolling ten-year period averaged 13.89% per year and the lowest rolling ten-year period was NEGATIVE 1.38% per year. Although private real estate's best ten-year period was only 12.91%, the worst ten-year period was POSITIVE 6.08%.

Since 1992 stocks have averaged 7.82% while private real estate has averaged 9.11%. Portfolios with exposure to private real estate have outperformed traditional stock and bond portfolios with less risk.*

*Invesco