Why DSTs are Growing in Popularity in 2025

In 2025, Delaware Statutory Trust (DST) investments are experiencing robust growth, driven by several interconnected economic, demographic, and other factors. These include surging equity inflows, evolving 1031 exchange strategies, the rise of passive income preferences, demographic shifts, and the appeal of institutional-grade real estate.

In 2025, equity being raised by DSTs is surging dramatically compared to the previous year. In January 2025 alone, issuers collected over $630 million—suggesting a potential annual run rate above $7.5 billion (dst.investments). By the end of April, total DST fundraising exceeded $2.41 billion (altswire.com).

DSTs have become mainstream replacements in 1031 tax-deferred exchanges. They offer compliance with IRS rules (Revenue Ruling 2004 86), diversification across asset types, and flexibility with advanced exchange strategies like reverse and improvement exchanges. As such, they facilitate seamless reinvestment for investors selling appreciated properties.

As interest rates remain elevated, investors seek stable, passive income streams. DSTs, managed by professional sponsors, offer hassle-free ownership with regular distributions—ideal for investors tired of managing rentals and tenant issues. The hands-off structure allows individuals to enjoy real estate returns without operational burdens.

With baby boomers entering retirement—those aged 78 in 2025—the appeal of DSTs is accelerating. Many seek to relinquish active property management (the "tenants, toilets, and trash") while converting equity into passive, income-generating investments (marketsocal.com). They hold roughly $19trillion in property assets, representing massive potential influxes into DST vehicles.

DSTs democratize access to large-scale commercial and industrial assets—such as warehouses and multifamily buildings—that would otherwise be out of reach for individual investors. Investors can broadly diversify across property types and geographies without incremental operational overhead. An example on one such property is the former Motorola North American Headquarters located in Harvard, IL. This 1.5M square foot facility on 300 acres with a valuation of nearly $300M would be out of reach for the average real estate investor. However, with it being packaged as a DST by CAI Investments, investors can own a piece of the nearly one-of-a-kind industrial asset.

Conclusion

DST investments are gaining renewed traction in 2025 due to substantial capital inflows, ease of passive ownership, tax-advantaged exchange mechanisms, demographic shifts, access to institutional assets, and favorable economic conditions. As the market matures, DSTs are not just niche vehicles but foundational tools for investors seeking tax-efficient, diversified, low maintenance real estate exposure.