



MONEY METHOD RESOURCE

REITs for Beginners

Own property without buying property

WEEK 5 · VOLATILITY & INCOME INVESTING

WHAT YOU'LL LEARN IN THIS GUIDE



What REITs are



How they pay you



Risks to watch

PART 1

What is a REIT?

THE SHORT VERSION

A REIT (Real Estate Investment Trust) is a company that owns income-producing property, like warehouses, shopping centres or offices, and pays most of its rental income to shareholders as dividends.

Think of it this way



They own the buildings

Warehouses, offices, flats, shopping centres, data centres, hospitals.



They collect the rent

Businesses and people pay rent every month to occupy those buildings.



They pay most of it out

By law, they must give 90%+ of that rental income back to shareholders.

IN PLAIN ENGLISH

You buy a share in a REIT the same way you'd buy a share in any company. You don't own the buildings directly, but you own a slice of the profits from them.

PART 2

Why beginners like REITs

REITs give you property exposure without the hassle. No deposit, no mortgage, no solicitor, no tenant. You just buy a share on your investing app.



Low barrier

Start with as little as £10 through your ISA.



Easy to sell

Unlike physical property, you can sell any market day.



Regular income

REITs pay quarterly or monthly. Some yield 4-8%.



Instant diversification

One REIT ETF gives you hundreds of properties globally.

A QUICK EXAMPLE



Say you invest £5,000 in a REIT ETF paying a 4% yield. That's about £200 a year in dividends, paid to you every 3 months (roughly £50 each quarter). You didn't need to buy a house. You didn't deal with tenants. You just held the share.

PART 3

Individual REIT or REIT ETF?

Two ways to invest in REITs. Most beginners start with the ETF route because it's more diversified. Here's the difference.



INDIVIDUAL REIT

Example: British Land, Realty Income

You own shares in ONE property company.

PROS

- ✓ Higher yields possible (4-8%+)
- ✓ You know exactly what you own
- ✓ Can pick sectors you like

CONS

- ✗ More volatile (bigger price swings)
- ✗ Dividend can be cut anytime
- ✗ Concentration risk in one company



REIT ETF

Example: IUKP, IWDP

You own a basket of many REITs at once.

PROS

- ✓ Instant diversification (50+ REITs)
- ✓ Smoother price ride
- ✓ One bad REIT does not hurt much

CONS

- ✗ Lower yields (typically 3-5%)
- ✗ You do not control what's inside
- ✗ Small ETF fee (usually under 0.6%)



A COMMON STARTING POINT

Many beginners start with a REIT ETF for diversification, then add individual REITs later.

PART 4

REIT ETFs to know

These are UK-listed REIT ETFs you can hold inside a Stocks & Shares ISA. Not recommendations — a starting point for your own research. Yields shift over time; always check the fund page before buying.

TICKER	NAME	FOCUS	YIELD*	FEE
IUKP	iShares UK Property	UK REITs (Segro, Land Sec, etc.)	~1.8%	0.40%
UKRE	iShares MSCI Target UK Real Estate	UK REITs + inflation-linked gilts	~6.5%	0.40%
IWDP	iShares Developed Markets Property Yield	Global developed-market REITs	~3.5-4%	0.59%
HPRD	HSBC FTSE EPRA NAREIT Developed	Global developed-market REITs	~3.0%	0.24%
WTRE	WisdomTree New Economy Real Estate	Data centres, logistics, cell towers	0% (Acc)	0.45%
SPYP	SPDR Dow Jones Global Real Estate	Global REITs, dividend focused	~3.5%	0.40%

**Yields as of mid-2026. WisdomTree accumulation share class (WTRE) reinvests dividends automatically (0% distributed).*

TWO WORTH KNOWING ABOUT

UKRE · the yield outlier

Higher yield because ~40% is inflation-linked gilts, not just REITs. Different risk profile from a pure REIT ETF.

WTRE · the modern REIT play

Focuses on data centres, warehouses and cell towers. Tilts toward tech-driven property, not high street shops.

PART 5

Risks to know about

REITs are not risk-free. Here are the four things every beginner should understand before investing.



Interest rate sensitivity

When central bank rates rise, savings accounts and bonds pay more. Income-focused investors move money OUT of REITs into those alternatives. That selling pressure pushes REIT prices down. This is why REITs got hit hard in 2022-2023.



Very high yields can be a warning

A REIT paying 12-15% yield is often signalling stress. Could be a mortgage REIT (riskier), or the share price has crashed making the yield look big, or the company is about to cut the dividend. High yield does not mean safe income.



Sector-specific risk

Office REITs suffered when remote work took over. Retail REITs suffered when shopping went online. Choosing individual REITs means picking sectors, and getting that wrong hurts.



Dividends are not guaranteed

REITs can cut or suspend dividends when times get hard. EPR Properties, a well-known REIT, suspended its dividend for 15 months during COVID. Always check the payout history before buying.

PART 6

Your beginner checklist

Before you press buy on any REIT or REIT ETF, run through this list. It'll save you from most rookie mistakes.

- 1 Decide: individual REIT or REIT ETF? (Beginners: usually ETF.)
- 2 Check the dividend yield. Anything above 8% needs deeper research.
- 3 Check the payout history. Has the dividend been steady or cut before?
- 4 Look at the fund's holdings. What property sectors are you buying?
- 5 Understand the interest rate environment. REITs are rate-sensitive.
- 6 Confirm you can hold it in your ISA (most UK-listed REITs qualify).
- 7 Only allocate what fits your overall diversification plan.
- 8 Set up automatic dividend reinvestment if income isn't needed yet.



REMEMBER

The best REIT for you is the one you'll actually hold through the ups and downs.

Chasing yield is a beginner mistake. Steady dividends from boring properties beats spectacular dividends from stressed ones every time.