MOMENTUM
REAL ESTATE PARTNERS

THE 5-MINUTE GUIDE · EDUCATIONAL

Real estate income, without the second job.

How high-income professionals add managed apartment real estate to their portfolio, without buying or operating a building. Five minutes, plain English.

Written by the team at Momentum Real Estate Partners, a Miami-based real estate investment firm that acquires and asset-manages apartment communities. September 2026.

EDUCATIONAL CONTENT ONLY · NOT AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITY · NOT TAX, LEGAL OR INVESTMENT ADVICE

BEFORE YOU START

What this guide is, and is not

This is a plain-English explanation of how professionals own apartment real estate without running it: where the income comes from, how the tax treatment works, what real assets do in a portfolio, and what to ask before trusting anyone with your capital. It is educational. It does not describe any investment, recommend one, or ask you to make one.

PART 1	The second job nobody mentions	3
PART 2	Where the income comes from	4
PART 3	The tax side, explained simply	5
PART 4	What real assets do in a portfolio	6
PART 5	Six questions to ask any operator	6
PART 6	The risks, plainly	7

THREE NUMBERS BEHIND THE MOMENT

95.5%

of U.S. apartments are occupied

National occupancy, down 20 basis points year over year. RealPage, Q2 2026.

105%

monthly cost premium to buy a home versus renting one

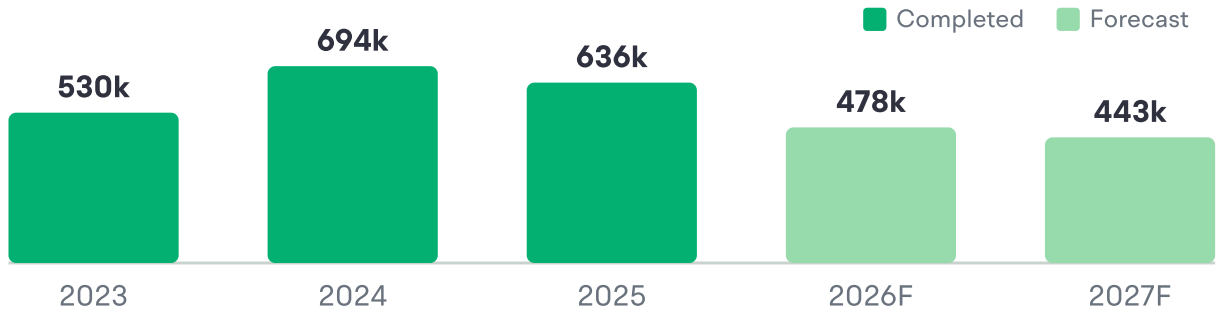
National estimate entering 2026. CBRE, January 2026.

−25%

fewer new apartments forecast to be completed in 2026 than in 2025

478,239 forecast versus 635,977 completed. Yardi Matrix, Q2 2026 supply forecast.

U.S. APARTMENT COMPLETIONS, UNITS · 2026 AND 2027 ARE FORECASTS



Source: Yardi Matrix, Multifamily Supply Forecast, second quarter 2026, as cited in Momentum's Sun Belt Outlook: Mid-Year 2026. Completions peaked in 2024 and are forecast to keep falling through 2027. Fewer deliveries are one reason some analysts expect better balance in parts of the Sun Belt, although units delivered in 2025 and 2026 still have to lease, and forecasts change.

PART 1 OF 6

The second job nobody mentions

Most people picture real estate investing as buying a building. Buying is the easy part. What follows is a second job: finding and screening tenants, collecting rent, repairs at inconvenient hours, insurance renewals, property taxes, refinancing, and the dozen decisions a year that determine whether the property actually makes money.

Professionals who try it usually discover that the return on their **time** is poor. An hour in the practice is worth more than an hour on a leaking water heater.

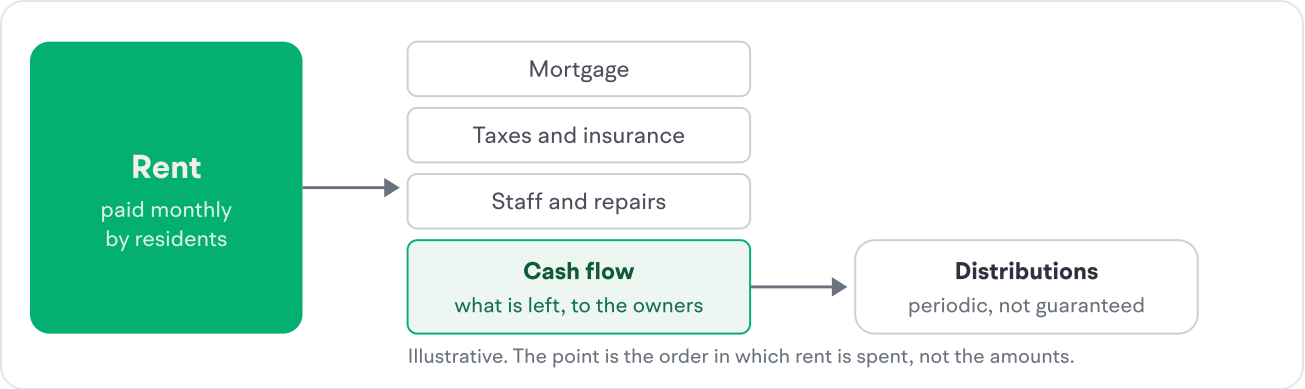
There is another way to own real estate: through a professional operator, a firm whose full-time work is buying, financing, renovating and overseeing apartment communities for many owners at once, with day-to-day property management handled by professional managers it hires and supervises. You own a share of the real estate; the operator is responsible for it. Whether that is the right trade depends on what you want from the asset: control, or income and time.

	OWNING A BUILDING YOURSELF	OWNING THROUGH AN OPERATOR
Your time	Evenings and weekends, indefinitely	A few hours a year: reading reports, asking questions
What you own	One property, in one city	A share of several properties, often across several cities
Decisions	All of them, including the 2 a.m. ones	The operator's. You review the results
Control	Total	Limited: you choose the operator, not the contractors
Getting out	Sell the building: months of work	Typically a multi-year commitment. Not a bank account

PART 2 OF 6

Where the income comes from

Apartment income is rent. Residents pay monthly. The operator pays the mortgage, taxes, insurance, staff and repairs. What is left is cash flow, which owners typically receive as periodic distributions.



Illustrative. The point is the order in which rent is spent, not the amounts.

Two things make it different from a paycheck or a stock dividend. It comes from a physical asset people need in every economy: a place to live. And rents reset as leases renew, which is why real estate is often described as a partial hedge against inflation.

Income is not guaranteed. Vacancy, rising insurance costs, a renovation that runs over, or too much debt can reduce or pause distributions. The operator's job is to manage those variables. Yours is to understand them before you commit.

PART 3 OF 6

The tax side, explained simply

Real estate has a tax feature most other investments lack: **depreciation**. The tax code treats a residential building as wearing out over 27.5 years, so each year a portion of its cost is deducted from the property's income on paper, even while the building may be gaining value in the market.

Operators often accelerate this with a cost-segregation study, which identifies components (appliances, flooring, parking, landscaping) that depreciate over 5 to 15 years instead of 27.5. Since the July 2025 tax law, 100% "bonus" depreciation is permanently available for those shorter-lived components, so for properties acquired after January 19, 2025, much of that reclassified cost can be deducted in the first year. The acquisition date matters, so ask how it applies to any specific property.



Depreciation

A paper deduction. The tax code treats the building as wearing out over 27.5 years, even while it may gain value. It shrinks the taxable number, not the cash.

Illustrative only. Proportions vary by property and investor. Deducted depreciation is generally taxed when the property is sold Not tax advice.

The practical result: in the early years, an owner's share of the income can arrive with little or no current tax, because paper losses from depreciation offset it. For an investor who does not run the property, those losses are "passive": they can offset passive income, from this investment or other passive investments, but not salary, interest, dividends or gains on stocks. Unused losses carry forward and are generally freed when the investment is sold.

When a property is sold at a gain, the depreciation that was deducted is generally taxed at that point: the accelerated component deductions at ordinary rates and the building's depreciation at up to 25% federally, unless the operator defers the tax by exchanging into another property. Deferral is not forgiveness; the tax follows the investment.

> Every return is different. This is not tax advice; a CPA who knows your situation is.

PART 4 OF 6

What real assets do in a portfolio

Physicians and attorneys tend to have a concentrated financial life: a high income from one profession, and a portfolio of stocks and bonds that moves with the market. Real estate is a different kind of asset. It is physical, it produces income, it can be financed with long-term debt, and its value is driven mainly by local rents, supply and the cost of debt, not repriced every day the way a stock is.

Adding it does not remove risk. It adds a source of return that does not move in lockstep with the others. That is why real estate has long been a core holding of pension funds, endowments and family offices, and why individual professionals increasingly want the same exposure without the second job.

PART 5 OF 6

Six questions to ask any operator

1. **Track record.** How many properties, how many full cycles (bought, improved, sold), and how did the ones that went wrong go wrong?
2. **Alignment.** Does the operator invest its own money alongside yours?
3. **Fees.** What are they, when are they charged, and how do they compare with others?
4. **Debt.** How much, fixed or floating rate, and when does it come due?
5. **Reporting.** How often will you hear from them, and will a person answer the phone?
6. **Market.** Where do they buy, and why there?

A good operator answers all six without hesitation. Hesitation is an answer too.

PART 6 OF 6

The risks, plainly

Private real estate is illiquid: capital is typically committed for several years and cannot be withdrawn on demand. Property values and rents can fall. Debt magnifies losses as well as gains. Distributions can be reduced or suspended. Tax rules change. Any investment can lose money, including all of it.

None of this is a reason to avoid real estate. It is the reason to understand it, choose the operator carefully, and size any commitment so that illiquidity is something you can live with comfortably.

WANT TO GO DEEPER?

The Sun Belt Outlook: Mid-Year 2026 is our thirteen-page market research report: occupancy, rents, construction pipelines and job growth across the major Sun Belt metros, with every figure sourced. It is written for readers who want the data behind this guide. Ask for it by replying to the email that delivered this guide, or at momentumrep.com.

ABOUT MOMENTUM REAL ESTATE PARTNERS

Momentum Real Estate Partners is a Miami-based private real estate investment firm. We acquire, finance and asset-manage apartment communities in growing markets across the U.S. Sun Belt, with day-to-day property management handled by local management companies. Learn more at momentumrep.com.

This material is educational only. It is not an offer to sell or a solicitation of an offer to buy any security or real estate interest, and it is not legal, tax, accounting or investment advice. Real estate investments involve significant risk, including illiquidity and possible loss of capital. Tax treatment depends on individual circumstances and may change; consult your own advisors. Third-party data is identified by source and period. Forward-looking views remain conditional. Market conditions and third-party data may change, and forward-looking analysis is subject to uncertainty. © 2026 Momentum Real Estate Partners.