This report explores the options a relatively wealthy investor would have if he/she wanted to invest in real estate. The two options presented in this analysis are buying a rental home outright, or investing the same sum of money into a diversified real estate investment trust (REIT) portfolio. The investigation analyzes the gains of each investment, tax applications, and the logistics associated with each option. It was found that an individual investor would be better off investing in REIT’s due to the logistical ease, tax mitigation options, and greater return potential. It must be noted that the risk associated with each option should essentially be the same; however, it was found that the variance in returns for REIT’s was much higher than if the individual were to invest in a rental property.