It's the practice of profiting from short-term differences in price. Imagine that in the United States, you can buy stock in Mete-orite Insurance (ticker: HEDSUP) for $30 per share. Meanwhile, you see that it's currently selling for $30.50 per share in England. If you simultaneously buy shares in America and sell the same number of shares in England, you've earned a profit of 50 cents per share (not counting commission costs).

This may not seem like much, but those who engage in arbitrage are usually large institutional investors with millions to invest in big positions.

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A REIT (Real Estate Investment Trust) may look and act like an ordinary stock, but it's really a rather different kind of company. REITs typically own many properties, such as offices, hotels, shopping centers or apartments.

With most companies, net income is a useful number to evaluate, reflecting the profits left over from sales after all expenses have been subtracted. With REITs, though, net income isn't as meaningful. According to accounting rules, the value of REIT properties is counted commission costs. With REITs, though, net income isn't as meaningful.

To learn more about REITs at