



NEWS RELEASE

Contact: Ron Kuykendall

(202) 739-9425

RKuykendall@nareit.com

PLANS MOVE AHEAD FOR REAL ESTATE TO BECOME THE 11TH GICS[®] HEADLINE SECTOR

*Separating Real Estate from Financials in Global Industry Classification Standard[®] Will
Increase Investor Exposure to \$900 Billion Listed Equity REIT Market*

WASHINGTON, D.C., March 16 – The National Association of Real Estate Investment Trusts[®] (NAREIT[®]) announced that the decision by S&P Dow Jones Indices and MSCI Inc. to make Real Estate a separate headline Sector in the Global Industry Classification Standard (GICS) is warranted by the real estate sector's growing position in today's global economy as well as its recognition by investors as a distinct asset class. NAREIT also noted that the decision will increase the visibility of the nearly \$900 billion (equity market capitalization) listed equity REIT market among investors, analysts, developers of investment products and others.

S&P Dow Jones Indices and MSCI, which maintain the GICS structure on which many indexed financial products and investment benchmarks are based, confirmed on March 13 that Real Estate, including listed equity REITs, will be separated from the Financials headline Sector on Aug. 31, 2016. Mortgage REITs will remain within the Financials Sector.

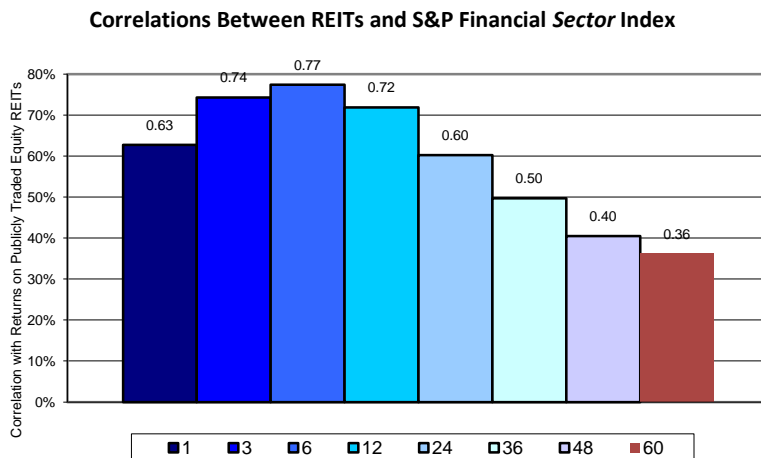
“The equity market capitalization of today's listed equity REIT market, which will likely constitute the bulk of the new Real Estate Sector, is nearly seven times the size it was when the GICS system was created sixteen years ago,” said NAREIT President and CEO Steven A. Wechsler. “Of the 67 GICS Industry level classifications at the end of January 2015, listed equity REITs were the sixth largest. The decision to make Real Estate one of GICS's 11 headline Sectors will raise the market visibility of Real Estate as a distinct and essential asset class.”

The relatively low market correlation of REIT returns with those of the Financials Sector provides additional empirical support for the decision to create a separate Real Estate Sector in GICS, Wechsler added.

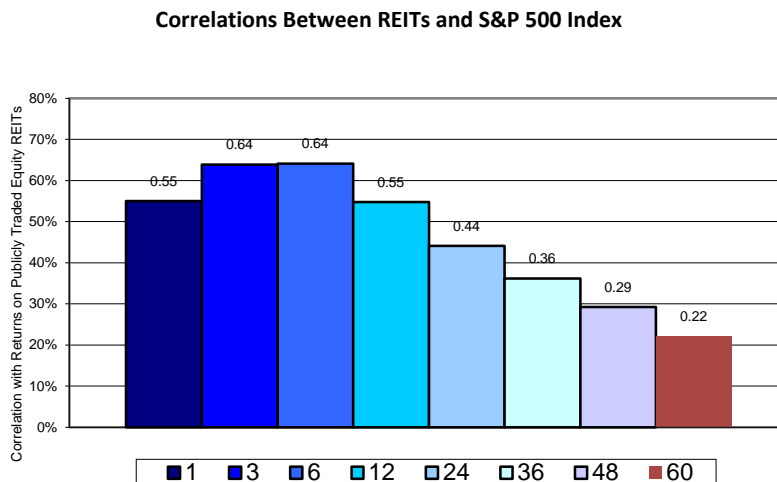
Analysis by NAREIT provides insights for investors on the significance of separating Real Estate from Financials to create an 11th GICS headline Sector. Although the investment returns

from REIT stocks can correlate closely with the returns from other stocks in the Financials Sector, as well as the broader market, over short holding periods, the long-term performance of REITs is underpinned by commercial real estate properties and market cycles that move very differently from other assets over time.

When listed equity REIT returns are compared with the Financials Sector of the stock market, the correlation is only 36 percent over 60-month investment horizons.



Over a 60-month time horizon, the correlation of listed equity REIT returns and the S&P 500 Index is only 22 percent.



Source: NAREIT® analysis of monthly returns data for January 1990 through February 2015 from Interactive Data Pricing and Reference Data accessed through FactSet.

“The comparatively low correlation of listed equity REITs with Financials and the broader market provides important portfolio diversification opportunities for investors,” Wechsler said.

“Portfolio diversification gives investors the opportunity to improve total portfolio returns without increasing risk,” he added. “The decision to separate Real Estate from Financials in the GICS system will make that opportunity all the more visible and accessible.”

Editors’ Note: NAREIT provides media resources on [REIT Basics](#), a [Glossary of REIT Terms](#), as well as other industry data and information on the value that REITs provide to investors, the economy and our communities on [REIT.com](#). NAREIT also makes economists and other industry experts available for commentary on industry trends and research.



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