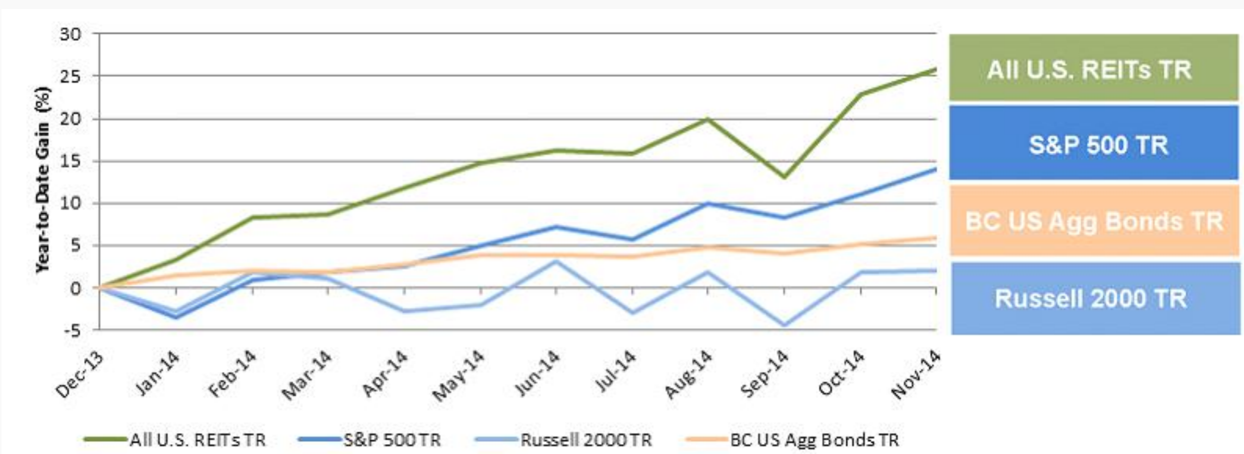
MEDIA BRIEF
DECEMBER 2014

	NOV TOTAL RETURN	YTD TOTAL RETURN	NOV 28 DIV YIELD
FTSE NAREIT ALL REIT INDEX	**2.30%**	**25.77%**	**3.90%**
FTSE NAREIT ALL EQUITY REIT INDEX	**2.34**	**26.44%**	**3.40%**
FTSE NAREIT MORTGAGE REIT INDEX	**2.22%**	**21.10%**	**10.34%**
S&P 500 INDEX	**2.69%**	**13.98%**	**1.96%**

REIT Market Data | REIT Basics | REIT Glossary | REIT FAQs

U.S. REITs UP 26 PERCENT YEAR TO DATE, NEARLY DOUBLE THE TOTAL RETURN OF THE S&P 500 INDEX



U.S. REIT total returns edged up another 2.3 percent for the month of November and rose to approximately 26 percent for the 2014 year to date – nearly double the total return of the S&P 500 Index. The FTSE NAREIT All REITs Index, the broadest benchmark of the U.S. REIT industry, containing both equity and mortgage REITs, was up 25.77 percent with a dividend yield of 3.90 percent at November 28, the last trading day of the month. The FTSE NAREIT All Equity REITs Index was up 26.44 percent with a dividend yield of 3.40 percent, and the FTSE NAREIT Mortgage REITs Index was up 21.10 percent with a dividend yield of 10.34 percent. By comparison, the S&P 500's total return was 2.69 percent for the month and 13.98 percent for the year to date, with a dividend yield of 1.96 percent at November 28. At the end of the month, the FTSE NAREIT All

REITs Index included 213 REITs with a combined equity market capitalization of $890 billion.

The FTSE EPRA/NAREIT Global Real Estate Index – representing 461 companies from around the world with a combined equity market capitalization of $1.8 trillion – delivered a total return of 1.07 percent for the month of November and 15.07 percent for the year to date with a dividend yield of 3.39 percent at November 28. The FTSE EPRA/NAREIT Middle East / Africa Index delivered the best performance of any region with total returns of 28.66 percent for the year to date. The FTSE EPRA/NAREIT Americas Index delivered a total return of 24.82 percent for the year to date, while total returns for Europe and Asia/Pacific were 11.28 percent and 3.23 percent respectively.

Thirty countries in addition to the United States have now enacted REIT legislation to foster the development of commercial real estate markets and facilitate investment in real estate securities.

See all REIT market data

GREEN STREET: PENSION FUNDS LEAVING MONEY ON THE TABLE WITH LIMITED REIT ALLOCATIONS

At a time when some pension funds are re-examining their investment strategies to help ensure they can meet their commitments to their plan participants, a November 25 Heard on the Beach report from Green Street Advisors says that pension funds are “leaving money on the table” as a result of too-limited allocations to REITs. The report looks at the relative performance of listed and private real estate investments commonly held by pension funds as measured by several studies, including a recent study by CEM Benchmarking that was sponsored by NAREIT. Green Street concludes that “1) REITs behave like real estate over extended time periods; and 2) REITs deliver superior returns relative to what pension funds achieve via private real estate investing.”

Read the Green Street report

Read the CEM Benchmarking study

NAREIT ECONOMIST BRAD CASE DISCUSSES NOVEMBER MARKET RESULTS

NAREIT Senior Vice President of Research and Industry Information Brad Case said that the strengthening economic recovery is continuing to drive REIT returns.

“We’ve seen slow but steady improvement in macroeconomic fundamentals, which, for REIT investors, increases the value of the properties and generally the stock prices of the REITs,” Case said. “It also increases the cash that’s available for REITs to distribute to their shareholders,” he added.

Watch the Video

See all REIT market data

FUNDAMENTALLY SPEAKING: INCREASED CONSTRUCTION DOESN'T MEAN OVERBUILDING

The volume of new construction across the U.S. commercial real estate industry increased 16 percent in the third quarter. However, NAREIT economist and Vice President of Research and Industry Information Calvin Schnure says that overbuilding isn't a worry, since the industry hasn't yet made up for the dearth of construction during the economic downturn.

Watch the Video

SECTOR RESULTS: APARTMENT, SELF-STORAGE, HEALTH CARE AND HOTEL REITS SHOW STRENGTH

Residential REITs were the top performing major REIT market sector for 2014 through the end of November, with Manufactured Homes and Apartment REITs delivering total returns of 40.50 percent and 37.44 percent respectively. Results for the 13 Apartment sector REITs were driven by a continuing imbalance in the supply of apartment space and demand. Demand for apartments is increasing as the economy gradually improves, creating a favorable market for landlords and supporting the growth of dividends for shareholders.

Among other major equity REIT market sectors, Self-Storage REITs were up 31.59 percent year-to-date, Health Care REITs were up 31.46 percent, and Lodging and Resorts REITs were up 28.67 percent.

"Rising demand for both business and leisure travel lifted earnings above expectations for Lodging and Resorts REITs in the third quarter," said NAREIT Vice President of Research and Industry Information Calvin Schnure. "The outlook for this sector continues to improve, with occupancy rates hitting new highs, allowing for better pricing per room and fueling a steady recovery in property valuations."

The FTSE NAREIT Mortgage REITs Index was up 21.10 percent for the year-to-date, with the Home Financing subsector up 22.78 percent and the Commercial Financing subsector up 16.86 percent.

See all REIT sector data

REIT BALANCE SHEETS REMAIN STRONG, WITH MODERATE LEVERAGE

Stock exchange-listed U.S. REITs raised $61.95 billion in new capital in the year-to-date through November 2014 to deploy as part of their value creation strategies, compared to $73.91 billion for the same period last year. Listed REITs raised $31.01 billion of common and preferred equity, including five IPOs that raised a total of $3.98 billion, and $30.93 billion of unsecured debt for the year to date.

The U.S. REIT industry maintained conservative leverage in the first three quarters of the year, the latest period for which data are available. The debt ratio (total debt divided by total market capitalization) of the FTSE NAREIT All REITs Index was 42.7 percent, and the debt ratio of the FTSE NAREIT All Equity REITs Index was 31.6 percent at September 30, 2014.

See all REIT capital markets data

UNDERSTANDING REITs: WHAT IS THE DIVIDEND PAYOUT REQUIREMENT?

REITs are different from other companies because REITs do not retain earnings; they pay out their taxable income to their shareholders as dividends (REITs are required by law to pay out at least 90 percent of their taxable income to their shareholders annually as dividends, but most REITs pay out 100 percent. Any income they keep is taxed at the standard corporate tax rate). This dividend payout requirement means that REIT shareholders typically receive a substantial flow of rent or mortgage income in the form of regular dividends – just as they would if they owned properties directly. REITs paid out $34 billion in dividends to their shareholders last year.

Learn more

CONTACT INFORMATION

To speak to our economists and other industry experts about economic and industry trends, and investment issues, contact:

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