

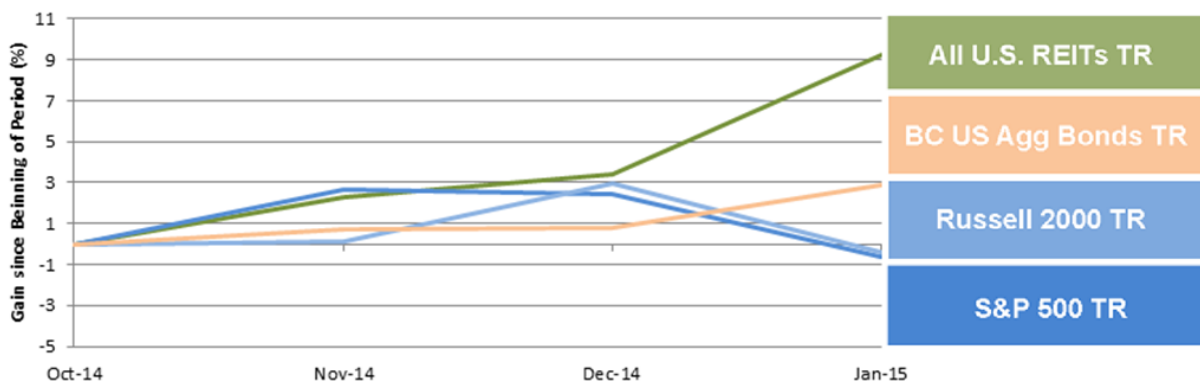


**MEDIA
BRIEF
FEBRUARY
2015**

	JAN TOTAL RETURN	JAN 31 DIVIDEND YIELD	1-YEAR TOTAL RETURN	5-YEAR TOTAL RETURN	10-YEAR TOTAL RETURN
FTSE NAREIT ALL REIT INDEX	5.59%	3.66%	29.88%	19.04%	8.98%
FTSE NAREIT ALL EQUITY REIT INDEX	6.17%	3.27%	31.56%	19.59%	9.93%
FTSE NAREIT MORTGAGE REIT INDEX	(0.46%)	10.65%	10.74%	10.57%	(2.60%)
S&P 500 INDEX	(3.00%)	2.07%	14.22%	15.60%	7.61%

[REIT Market Data](#) | [REIT Basics](#) | [REIT Glossary](#) | [REIT FAQs](#)

U.S. REITs RALLY 6 PERCENT IN JANUARY 2015, S&P 500 INDEX GOES NEGATIVE FOR THE MONTH



Continued U.S. economic gains and job growth coupled with the Federal Reserve pledges to be “patient” on raising interest rates contributed to a strong rally in REIT stocks for January 2015. Following a strong finish in 2014, the [FTSE-NAREIT All REITs Index](#), the broadest benchmark of the U.S. REIT industry, containing both equity and mortgage REITs, delivered a total return of 5.59 percent and a dividend yield of 3.66 percent in January 2015. U.S. REIT performance far outpaced January’s 3.00 percent decline for the S&P 500 Index, which yielded 2.07 percent on

January 30, the last trading day of the month.

At the end of January, the FTSE-NAREIT All REITs Index included 217 REITs with a combined equity market capitalization advancing to \$975 billion. REIT performance was led by equity REITs, with the [FTSE-NAREIT All Equity REIT Index](#) delivering a total return of 6.17 percent and a dividend yield of 3.27 percent, while the [FTSE-NAREIT Mortgage REITs Index](#) declined 0.46 percent on a total return basis, with a dividend yield of 10.65 percent.

The FTSE EPRA/NAREIT Global Real Estate Index – representing 466 companies from around the world with a combined equity market capitalization of \$1.46 trillion – delivered a total return of 4.44 percent (based in U.S. dollars) in January 2015 with a dividend yield of 3.17 percent at the end of January. The FTSE EPRA/NAREIT Americas Index delivered the best performance of any region with a total return of 6.08 percent in January. The FTSE EPRA/NAREIT Europe Index delivered a 5.47 percent total return for the month, while January total returns for Middle East/Africa and Asia/Pacific were 1.90 percent and 1.47 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](#)

VIDEO: GOOD NEWS ON ECONOMY AND INTEREST RATES BOOSTS REITS



NAREIT Senior Vice President of Research and Industry Information Brad Case says that REITs are benefiting from increased investor optimism about the U.S. economy and reduced fears about interest rates. “REIT earnings and total returns naturally benefit from economic growth, job gains and consumer spending power thanks to lower gas prices,” says Case. “At the same time, the Fed has signaled a patient and gradual approach to raising interest rates this year. The good news on both the economy and interest rates is a boon for REIT investors.”

[Watch the Video](#)

[See all REIT market data](#)

FUNDAMENTALLY SPEAKING: JOB GROWTH DRIVES RECORD SURGE IN RENTAL HOUSING DEMAND



The number of rental households surged by a record 2 million units over the past four quarters as the acceleration in job growth begins to unlock pent-up demand for rental housing. “This is the biggest increase in rental occupancy rates since the Census Bureau began tracking data in 1965,” says NAREIT economist and Senior Vice President of Research and Economic Analysis Calvin Schnure. “This growth in rental demand is likely to outpace the new supply of

apartments in the pipeline, supporting the outlook for multifamily housing stocks.” Schnure estimates there are 3 million or more “shadow households” in the form of people doubled-up with roommates or family members who are likely to search for their own place as these individuals get first jobs, better jobs or raises.

[Watch the Video](#)

[See all REIT market data](#)

SECTOR RESULTS: GAINS REFLECT BROAD BASED ECONOMIC TRENDS

REITs benefited from positive economic trends, job growth and consumer spending in January 2015. Self-Storage REITs led the gains for the month with total returns of 9.61 percent, and other consumer-facing sectors, including retail and residential REITs, also performed well, with total returns of 7.75 percent and 7.05 percent respectively.

Among other major equity REIT sectors, Health Care REITs delivered the second best performance in January with total returns of 9.27 percent, while Office REITs delivered a total return of 5.62 percent, and Industrial REITs increased 5.12 percent. Infrastructure and Timber REITs trailed the average with total returns of 2.83 percent and 1.24 percent respectively, and Lodging and Resorts REITs were down 0.19 percent. All REIT sectors outperformed the 3.00 percent total return decline for the S&P 500 Index in January.

The FTSE NAREIT Mortgage REITs Index was slightly down with a total return of -0.46 percent for January, with the Home Financing subsector down 0.98 percent and the Commercial Financing subsector up 1.31 percent on a total return basis.

[See all REIT sector data](#)

REIT BALANCE SHEETS REMAIN STRONG, WITH MODERATE LEVERAGE

Stock exchange-listed U.S. REITs raised \$8.52 billion in new capital in January 2015 to deploy as part of their value creation strategies, compared to \$4.43 billion in January 2014. This follows a strong 2014 during which REITs raised a total of \$63.64 billion, the third-largest annual amount in the industry’s history.

Listed REITs raised \$3.32 billion of common and preferred equity in January 2015, including a \$529 million IPO, as well as \$5.20 billion of unsecured debt.

The U.S. REIT industry continued to maintain conservative leverage. As of the close of 2014’s third quarter, the latest period for which complete financial reports 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.

[See all REIT capital markets data](#)

UNDERSTANDING REITs: ARE REITs TAX EXEMPT?

REITs are taxable corporations. However, they receive a dollar's deduction from their federal income tax liability for every dollar they pay out as dividends. REITs are required to pay out at least 90 percent of their taxable income as dividends each year but, since any income they retain is taxed at the corporate rate, almost all REITs pay out 100 percent of their taxable income and receive a full tax deduction. Shareholders pay tax on the dividends at their ordinary income tax rate rather than the lower qualified dividends rate.

[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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