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REIT RETURNS OUTPACE S&P 500 IN MARCH AND FIRST QUARTER

Strong Returns Across The Spectrum Of Property Sectors

Global Listed Real Estate Also Delivers Strong Gains

WASHINGTON, DC, April 8 – Stock exchange-listed Equity REITs significantly outperformed the rest of the equity market in March and the first quarter of 2016, according to the National Association of Real Estate Investment Trusts (NAREIT). The total return of the [FTSE NAREIT All REITs Index](#), the broadest benchmark of the U.S. REIT market including both Equity and Mortgage REITs, was 9.99 percent in March and 5.86 percent in the first quarter, while the [FTSE NAREIT All Equity REITs Index](#) was up 10.17 percent in March and 5.84 percent in the first quarter. In comparison, the total return of the S&P 500 was 6.78 percent in March and 1.35 percent in the first quarter. The [FTSE NAREIT Mortgage REITs Index](#)'s total return was 4.48 percent in March and 1.28 percent in the first quarter.

“REIT share prices, along with those of most other segments of the equity market, faced headwinds in January and early February, but REITs experienced a stronger recovery than the broader equity market in March,” said NAREIT President and CEO Steven A. Wechsler.

Wechsler said REITs’ gains may be due in part to growing investor recognition of the fact that REITs have generated consistently strong operating results and increased dividends for their shareholders. He noted that the listed REIT industry’s total Funds From Operations, Net Operating Income and dividends paid increased in each quarter of 2015 over the same quarter in the prior year.

“Economic growth is continuing to support our industry’s fundamentals and dividend growth,” Wechsler said.

Free Standing Retail REITs Lead [Property Sector Results](#) In Quarter

Free Standing Retail REITs, a property segment made up of REITs that lease single-tenant properties, primarily on a triple net lease basis, delivered an 18.69 percent total

return in the first quarter of 2016, more than three times the gain of the FTSE NAREIT All Equity REITs Index. Other property categories that outperformed the index in the quarter were Specialty REITs, up 14.83 percent; Data Centers, up 14.29 percent; Self Storage, up 10.85 percent; Shopping Centers, up 8.00 percent; Manufactured Homes, up 7.70 percent; Industrial, up 6.49 percent; and Lodging/Resorts, which gained 6.09 percent. Home Financing Mortgage REITs delivered a 7.49 percent total return for the first quarter of the year.

Dividend Yields Are Strong Across REIT Industry

REITs continued to offer strong dividend yields at the end of 2016's first quarter. The dividend yield of the FTSE NAREIT All REITs Index was 4.19 percent on March 31, the yield of the FTSE NAREIT All Equity REITs Index was 3.76 percent, and the yield of the FTSE NAREIT Mortgage REITs Index was 11.83 percent. In comparison, the dividend yield of the S&P 500 was 2.15 percent.

Among Equity REITs, seven property sectors and sub-sectors delivered yields that beat the yield of the FTSE NAREIT All Equity REITs Index. The Specialty sector yielded 6.09 percent. Health Care REITs yielded 5.61 percent, the Lodging/Resorts sector yielded 5.31 percent, the Diversified sector yielded 4.72 percent, Free Standing Retail yielded 4.25 percent, and the Industrial sector yielded 3.86 percent. Home Financing Mortgage REITs outpaced the FTSE NAREIT Mortgage REITs Index, delivering a dividend yield of 12.71 percent.

Capital Raising Down In Quarter Compared to 1Q 2015

Stock exchange-listed U.S. REITs raised \$15.13 billion in public equity and debt in the first quarter of 2016, up from \$10.24 billion in the prior quarter but down from the \$22.09 billion raised in the first quarter of 2015. The decline in this year's first quarter compared to the first quarter of last year reflects a reduction in property acquisitions by REITs in an environment of rising property prices.

Changes in the amount of equity raised accounted for the majority of the differences among the quarters. REITs raised \$7.16 billion of equity in this year's first quarter, more than twice the \$3.31 billion raised in the fourth quarter of last year, but well below the \$13.49 billion raised in the first quarter of 2015.

REITs raised \$7.98 billion in unsecured debt in the first quarter of 2016, compared with \$6.93 billion in the fourth quarter of 2015 and \$8.60 billion in the first quarter of 2015.

Property Values Continue To Rise

On a nationwide basis, U.S. commercial property values rose 3.3 percent in the first quarter of 2016, as measured by the [FTSE NAREIT PureProperty® Index Series](#). Property values rose 5.6 percent in March, which more than made up for a weak January and tepid February.

According to the FTSE NAREIT PureProperty Index Series, the South region enjoyed the strongest property appreciation within the nation with a 6.1 percent increase for the first quarter, well ahead of the Midwest, with a 2.5 percent increase; the East, with a 2.1 percent increase; and the West, with a 2.0 percent gain. All property segments showed price increases except the Midwest Office segment, which declined 0.5 percent.

Listed Real Estate Rewards Global Investors

Global investors in listed real estate also saw gains in March and the first quarter of the year. The FTSE EPRA/NAREIT Global Real Estate Index, which includes 479 listed property companies around the world with a combined equity market capitalization of \$1.4 trillion (75 percent of which is from REITs), delivered a 9.86 percent total return in March and a 5.08 percent return for the first quarter of the year.

The Middle East/Africa region delivered the strongest performance of any region globally, with a 16.36 percent total return in March and a 16.95 percent gain in the first quarter of 2016. The Americas region produced a 10.30 percent return in March and a 6.48 percent return in the first quarter. The Asia/Pacific region delivered an 8.14 percent return in March and 3.70 percent for the third quarter; and Europe produced an 11.27 percent return in March and 2.23 percent for the first quarter.

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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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