



NEWS RELEASE

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STOCK EXCHANGE-LISTED REITs RAISE \$39.7 BILLION IN FIRST HALF

U.S. REIT Returns Are Down Through June

Residential and Self-Storage Sectors Lead REIT Market in Returns

WASHINGTON, DC, July 10 – Stock exchange listed U.S. REITs raised \$39.71 billion in equity and debt in the public capital markets in the first half of this year – up from \$35.12 billion in last year’s first half, the National Association of Real Estate Investment Trusts (NAREIT) reported.

The capital raised in this year’s first half included \$19.72 billion in secondary offerings of common and preferred equity, \$1.37 billion in six IPOs, and \$18.62 billion in unsecured debt. In last year’s first half, listed REITs raised \$15.67 billion in secondary equity, \$762 million in three IPOs, and \$18.69 billion in unsecured debt.

The U.S. REIT industry continued to maintain conservative leverage. The debt ratio (total debt divided by total market capitalization) of the FTSE NAREIT All REITs Index was 43.5 percent, and the debt ratio of the FTSE NAREIT All Equity REITs Index was 32.3 percent.

Interest Rate Concerns Impact Returns

“REITs continued to have strong underlying operating fundamentals in the first half of the year, with rising rents and occupancy rates supported by limited supply and development of real estate,” said NAREIT President and CEO Steven A. Wechsler. “REIT returns, however, were negatively impacted by investor expectations about the effect of rising interest rates on real estate and REIT share prices.”

The S&P 500 and S&P 1500 outperformed the primary U.S. REIT indices in the first half of 2015. The S&P 500 delivered a 1.23 percent total return for the first half of the year, and the S&P Composite 1500, which, like the REIT market, includes large, mid and small-cap stocks, returned 1.56 percent. In comparison, the total return of the [FTSE NAREIT All REITs Index](#), the broadest benchmark of the stock exchange-listed U.S. REIT industry, including both equity and mortgage REITs, fell 5.24 percent in the first half. The [FTSE NAREIT All Equity REITs Index](#) fell 5.44 percent, and the [FTSE NAREIT Mortgage REITs Index](#) was down 5.09 percent.

REIT Dividend Yields Outperform Those of S&P

U.S. REITs continued to offer strong dividend yields. At June 30, the dividend yield of the FTSE NAREIT All REITs Index was 4.34 percent; the yield of the FTSE NAREIT All Equity REITs Index was 3.87 percent; and the FTSE NAREIT Mortgage REITs Index yielded 11.46 percent. In comparison, the dividend yield of the S&P 500 was 2.10 percent, and the S&P Composite 1500 yielded 2.04 percent.

“Strong, consistent dividend income is an important component of REIT performance,” Wechsler said. He noted that stock exchange-listed REITs paid out \$42 billion in dividends in 2014, up 35 percent from \$34 billion paid out in 2013.

As of June 30, 2015, the equity market capitalization of the FTSE NAREIT All REITs Index was \$890 billion, up 9 percent from \$816 billion on June 30 last year; and the equity market capitalization of the FTSE NAREIT All Equity REITs Index was \$826 billion, up 11 percent from \$742 billion on June 30, 2014.

Manufactured Homes are Top Performing Segment

The Manufactured Homes segment of the Residential Sector delivered the listed REIT industry’s best performance in the first half of 2015 with a 3.75 percent total return. Close behind was the Self-Storage sector with a 3.72 percent total return. Apartments were up 0.82 percent in the first half of the year. Among [other Equity REIT market sectors](#), Office was down 5.25 percent, Retail was down 7.24 percent, and Industrial fell 11.33 percent. For Mortgage REITs, the Commercial Financing sector was down 1.70 percent and the Home Financing sector fell 6.12 percent.

Global Markets Deliver Mixed Results

The total return of the [FTSE EPRA/NAREIT Global Real Estate Index](#) declined 1.91 percent (in U.S. dollars) for the first half of 2015 and delivered a dividend yield of 3.60 percent at the end of June. Some of the index’s regional sectors, however, produced gains in the first half.

The FTSE EPRA/NAREIT Middle East/Africa Index delivered the best performance of any region, with a total return of 5.75 percent for the year through June, while Asia/Pacific and Europe delivered gains of 3.27 percent and 2.32 percent, respectively. The total return of the FTSE EPRA/NAREIT Americas region fell 6.44 percent in the year’s first half.

The global index includes 471 companies from around the world with a combined equity market capitalization of \$1.4 trillion, nearly three-quarters of which is from REITs. Thirty-one countries in addition to the United States have enacted REIT legislation to foster the development of their commercial real estate markets and facilitate investment in real estate securities.

[CLICK HERE FOR A DETAILED REIT INDUSTRY DATA SUMMARY](#)

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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