



NEWS RELEASE

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REIT RETURNS AHEAD OF BROADER EQUITY MARKET IN 2015

Large-Cap REITs Outshine Other Large-Cap Stocks by Appreciable Margin

Self-Storage Sector Leads REIT Market With 40.65% Total Return

WASHINGTON, DC, January 7—Stock exchange-listed REITs outperformed the broader U.S. equity market in 2015, the National Association of Real Estate Investment Trusts[®] (NAREIT) reported. In a year in which large-cap stocks outperformed mid- and small-caps, large-cap REITs also outperformed other large-cap equities.

According to NAREIT, the [FTSE NAREIT All REITs Index](#), the broadest benchmark of the listed U.S. REIT industry that includes both Equity and Mortgage REITs, delivered a total return of 2.29 percent in 2015. The [FTSE NAREIT All Equity REITs Index](#) produced a total return of 2.83 percent for the year, while the total return of the [FTSE NAREIT Mortgage REITs Index](#) fell 8.88 percent. In comparison, the S&P Composite 1500, which, like the REIT market, includes large-, mid- and small-cap stocks, returned 1.01 percent.

REITs' total return advantage was magnified in the performance comparison between large-cap REITs and other large-cap stocks. The [FTSE NAREIT Real Estate 50 Index](#), representing the 50 largest U.S REITs by equity market capitalization, delivered a 4.40 percent total return for the year, compared to a 2.64 percent total return for the S&P 100.

“In a year of equity market turmoil, REITs demonstrated why they are an essential, all season allocation in diversified investment portfolios,” said NAREIT President and CEO Steven A. Wechsler. “Market uncertainty is likely to continue in 2016, and it will be important for investors to maintain exposure across all major asset classes, including REIT-based real estate investment, to earn solid, long-run returns.”

[Stock exchange-traded REITs outperformed most other stock indices in 2015. [For a comparison of the 2015 performance of REITs and other equity indices](#), see NAREIT economist Brad Case's Market Commentary Blog post on [REIT.com](#).]

REITs Continue to Provide Attractive Dividend Yields

REITs continued to reward income-seeking investors in 2015. At December 31, the dividend yield of the FTSE NAREIT All REITs Index was 4.30 percent, and the dividend yield of the FTSE NAREIT All Equity REITs Index was 3.85 percent. The FTSE NAREIT Mortgage REITs Index posted a dividend yield of 12.15 percent at year-end.

In comparison, the December 31 dividend yield of the S&P Composite 1500 was 2.14 percent, and the dividend yield of the S&P 500 was 2.18 percent.

REITs are required to pay out at least 90 percent of their taxable income to their shareholders annually, and most REITs pay out 100 percent. In 2014, the last full year for which data is available, stock exchange-listed REITs paid out \$42 billion in dividends to their shareholders. REITs receive a deduction from their taxable income for every dollar of dividends they pay out. When they distribute all of their income, REITs pay no corporate tax. Rather, shareholders pay tax on the dividends they receive – primarily at their ordinary income tax rate rather than the lower rate for which other corporate dividends qualify.

Storage and Residential REITs Lead in Returns

The Self-Storage and Residential property sectors led the overall REIT market in total returns in 2015. The Self-Storage sector delivered a 40.65 percent total return for the year. The Manufactured Homes subsector of the Residential sector provided a 25.65 percent total return, and Apartments gained 16.45 percent.

Self-Storage, Manufactured Homes and Apartments have built a multi-year track record of double-digit total returns for their shareholders. The 3-year compound annual total return of the Self-Storage sector at December 31 was 26.50 percent; its 5-year annualized total return was 26.84 percent; and its 10-year annualized return was 17.74 percent.

Manufactured Homes reported a 3-year compound annual total return of 26.60 percent at December 31; a 5-year annualized total return of 21.21 percent; and a 10-year annualized return of 13.27 percent.

At year-end 2015, Apartments achieved a 3-year compound annual total return of 15.11 percent; a 5-year annualized return of 13.42 percent; and a 10-year annualized return of 10.89 percent.

Other property segments that outperformed the overall REIT market in 2015 were Free-Standing Retail, up 5.88 percent; Shopping Centers, up 4.72 percent; Regional Malls, up 4.23 percent; Infrastructure, up 3.74 percent; and Industrial, up 2.64 percent.

REITs Continued to Go to Capital Markets in 2015

Stock exchange-listed REITs raised a total of \$59.29 billion in public capital in 2015 to deploy as part of their value creation strategies, compared with \$63.64 billion raised in 2014. Listed REITs raised \$27.09 billion of common and preferred equity in 2015, including \$1.42 billion in seven IPOs, as well as \$32.20 billion of unsecured debt.

At the end of 2015, the FTSE NAREIT All REITs Index included 223 REITs with a combined equity market capitalization of \$939 billion, up from 216 REITs with a combined market capitalization of \$907 billion at the end of 2014. The FTSE NAREIT All Equity REITs Index included 170 REITs with a combined market capitalization of \$882 billion at year-end 2015, up from 156 REITs with a combined market capitalization of \$833 billion at the end of 2014.

The U.S. REIT industry continued to maintain conservative leverage in 2015. The debt ratio (total debt divided by total market capitalization) of the FTSE NAREIT All REITs Index was 46.4 percent, and the debt ratio of the FTSE NAREIT All Equity REITs Index was 36.0 percent.

Global Listed Real Estate Markets Deliver Mixed Results

The [FTSE EPRA/NAREIT Global Real Estate Index](#), the global benchmark for stock exchange-listed real estate, was nearly flat for 2015 – down 0.41 percent on a total return basis when measured in U.S. dollars. The index tracks 474 companies from around the world with a combined equity market capitalization of \$1.4 trillion, nearly three-quarters of which is from REITs.

The major geographic regions of the index, however, delivered highly variable results. The Europe index climbed 6.06 percent for the year, and the Americas index gained 0.71 percent. In comparison, the Asia/Pacific index declined 4.58 percent for the year, and the Middle East/Africa index fell 15.31 percent.

Thirty-two countries around the world have enacted REIT legislation to foster the development of their commercial real estate markets and facilitate investment in real estate securities by all of their citizens.

[CLICK HERE FOR A COMPLETE PACKAGE OF REIT MARKET DATA](#)

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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