

March 2008

NAREIT Media Update

REIT returns declined 4.14 percent in the first two months of 2008, but still significantly outperformed other major market benchmarks.

- The FTSE NAREIT All REIT Index's 4.14 percent decline to start 2008 stood out as other market benchmarks took steeper hits (the Dow Jones Industrials down 7.53 percent, the S&P 500 down 9.05 percent, the Russell 2000 down 10.27 percent, and the NASDAQ Composite down 14.36 percent).
- Among equity REITs, the top-performing sector in the first two months of 2008 was Self Storage (up 9.48 percent), followed by Residential (up 4.63 percent).

The REIT yield spread relative to 10-year U.S. Treasuries grew in February to its widest point in more than four years. For income investors looking for income with relatively low risk, REITs look very attractive.

- The FTSE NAREIT All REIT Index's 2.08 percentage point spread on Feb. 29 versus the 10 Year U.S. Treasury marked the largest spread since September 2003.
- The All REIT Index posted a yield of 5.61 percent in February versus a 3.53 percent yield for Treasuries. In September 2003, REITs had a yield of 6.22 percent compared to 3.94 percent for Treasuries.

In a challenging credit market where investors worry about many companies being overleveraged, most REITs continue to be conservatively leveraged.

- The average leverage for equity REITs is 39.6 percent, positioning most REITs to easily finance debt that comes due, despite tight credit market conditions.

NAREIT MEDIA CONTACTS

Ron Kuykendall
202-739-9425
rkuykendall@nareit.com

Matt Bechard
202-739-9448
mbechard@nareit.com



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