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2024 EDITION

Global REIT Approach to Real Estate Investing

Building Economies, Increasing Investment, and Supporting Communities Around the World

Nareit

Real estate working for you®

As the worldwide representative voice for real estate investment trusts (REITs) and listed real estate companies with an interest in U.S. real estate and capital markets, Nareit has long advocated for REITs around the world.

This study summarizes the dramatic growth of REITs around the world since their inception more than 60 years ago and the benefits of the REIT model for economies, investors, and communities. There are currently 42 countries and regions, accounting for 84% of global GDP with a combined population of more than 5 billion people, that have enacted REIT legislation. Key findings from the study show that:

- **REITs have grown dramatically in number and equity market capitalization over the past 30 years:** They've gone from 120 listed REITs in two countries to 940 listed REITs in 42 countries and regions.
- **REITs have outperformed global stocks:** REITs have seen a compound annual growth of 10% since June 2009 compared to 7% for MSCI EAFE.
- **REITs have diversified to keep pace with the modern economy:** REITs provide access to telecommunications towers, data centers, health care facilities, self storage facilities, hotels, gaming facilities and others in addition to the traditional four property sectors (retail, residential, office, and industrial).
- **REITs have a low correlation with stocks:** The FTSE EPRA Nareit Global REITs Extended Index has a 0.82 correlation with MSCI EAFE.
- **REITs have a strong commitment to sustainability:** Listed real estate outperformed privately owned real estate in the latest GRESB assessment.

As the world becomes increasingly connected, and as nations seek to create, modernize, and maintain the built environment in which we live and work, we see REITs as an indispensable resource to efficiently channel capital to real estate in a manner that encourages market discipline and broadens real estate ownership.

We hope this study will be useful for REITs and real estate companies, investors, and, in particular, policymakers globally. Nareit looks forward to engaging in and supporting efforts to continue to grow and improve the REIT model worldwide. We encourage you to use the resources on REIT.com to learn more about REITs around the world and to connect with Nareit to discuss how we can help support REIT development in your nation or region.

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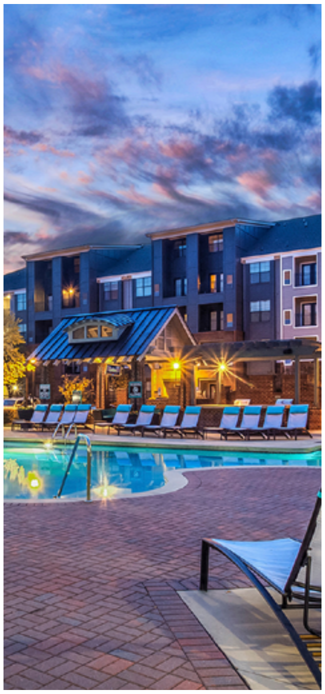
Contents

This document defines what a REIT is and provides background on the global adoption of REITs; explains the types of real estate that REITs own today; and shares the benefits of a REIT-based approach to real estate investing for economies, investors, and communities. Dollars referenced in this report are in U.S. dollars ($).

Nareit serves as the worldwide representative voice for REITs and real estate companies with an interest in U.S. real estate. Nareit's members are REITs and other real estate companies throughout the world that own, operate, and finance income-producing real estate, as well as those firms and individuals who advise, study, and service those businesses.



What is a REIT?

A REIT, or real estate investment trust, is a company that owns, operates, or finances income-producing real estate.

REITs help house national economies by providing much of the real estate where people live, work, shop, and spend their leisure time—from the houses and apartments in which they reside to the shopping centers they frequent to the offices where they work—and REITs enable today's digital economy through real estate such as communications towers, data centers, and logistics facilities.

REITs generally possess the following four distinguishing characteristics:

- They are widely-held;
- They invest mostly in real estate, and/or earn most income from real estate assets;
- They distribute most of their income to shareholders; and,
- They are subject to a single level of taxation at the shareholder level, effected by either allowing the entity a deduction attributable to distributed dividends or exempting such income from taxation at the entity level.

REIT Approach to Real Estate Investment

Nations around the world adopt real estate investment trusts (REITs) as part of their economic development strategies. REITs are companies that own, operate, or finance income-producing real estate. REITs are often listed on stock exchanges like other public corporations.

The REIT approach to commercial real estate investment:
- Provides disciplined, market-based financing of real estate;
- Offers access to global and domestic sources of capital, reducing the cost of capital for developing real estate to house the changing economy;
- Encourages equity financing of real estate, increasing stability, and reducing the risk of real estate crises; and,
- Gives individual investors access to real estate investment to help build financial security, manage wealth, and save for retirement.

Investors in REITs receive returns that are highly correlated with other types of commercial real estate. REITs historically have provided investors all over the world with regular income streams, portfolio diversification, and long-term capital appreciation, largely attributable to long-term investment in, or financing of, professionally-managed real estate. Because they are often stock-market listed companies, REITs are easy to buy and sell and, unlike other forms of commercial real estate, are accessible to people across a greater range of income levels. REIT investors can easily construct real estate portfolios that are diversified across different types of properties and geographies.

As the global population grows and urbanization accelerates, nations need to bring in new sources of capital to construct and maintain the built environment. REITs are an important tool that can provide access to local and global capital, provide market stability, and open up real estate ownership to a nation's broad population.

REITs provide an investment opportunity, like a mutual fund or UCITS, that makes it possible for everyday investors to benefit or enjoy returns from real estate and real estate-related projects. Investors buy REIT shares directly or access them through retirement savings accounts or pension funds.

Since REITs were first introduced in the United States in 1960, 42 countries and regions, with a total population of 5 billion people and comprising 84% of global GDP, have authorized REITs. REITs have become a key part of commercial real estate investment worldwide.

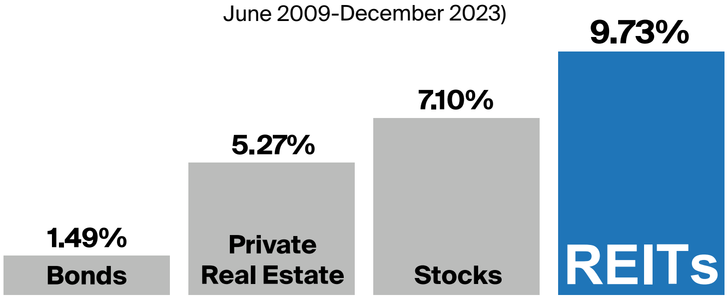
Today, there are 940 listed REITs operating around the globe. Since 1990, the equity market capitalization of listed REITs has grown from about $10 billion to $2 trillion at the end of 2023.

REITs help enhance communities by:
- Creating jobs, better infrastructure, and increased economic activity;
- Providing access to global investment capital; and,
- Encouraging broad-based domestic ownership of commercial real estate and critical infrastructure.

When REITs invest, the benefits can be seen and experienced by communities and the people in them.

REITs Outperformed International Stocks and Bonds

(compound annual growth rate, June 2009-December 2023)



Nareit analysis of monthly returns for FTSE EPRA Nareit Global REITs Extended Index June 2009-December 2023 via FTSE and Factset and MSCI EAFE and Bloomberg Barclays Global-Aggregate via Factset. Quarterly returns for NCREIF Global Real Estate or Fund Index (GREFI) as of 2023:Q4.

Global REITs by the Numbers

Number of countries and regions with REITs	42
Total number of listed REITs globally	1989: 120 **2023: 940**
Equity market capitalization for listed REITs	1989: $11.7B **2023: $2.0T**

Nareit; Equity market capitalization and count for U.S. listed equity and mortgage REITs from FTSE Nareit All REITs Index; Equity market capitalization and count for companies listed as equity or mortgage REITs in S&P Global Capital IQ in in countries and regions with REITs.

Global REIT Adoption

The first authorization of a REIT structure took place in the U.S. in 1960, which created a way to make commercial real estate accessible to all Americans in the same way they had been able to invest in the stocks and bonds of many companies.

Over the course of the following 60-plus years, the U.S. REIT model has encouraged broad-based real estate investment. Today, 170 million Americans, or 50% of American households, have REIT investments.

REITs have also been established around the world to accomplish a similar goal of developing a way to make investment in diversified, income-producing real estate accessible to a variety of investors.

As the map on page 6 demonstrates, as of 2023, a total of 42 countries and regions have adopted REITs, including all of the G-7 countries. More than half of the Organisation for Economic Co-operation and Development (OECD) countries have REITs in place.

While the REIT approach to real estate investment has been refined and enhanced over the years, the original intent of inclusivity remains at the core of the REIT model.

The global REIT industry today includes companies engaged in real estate ownership or financing that support nearly all sectors of the economy.

REITs own, operate, and/or finance apartment buildings, data centers, health care facilities, lodging/resorts, logistics facilities, office buildings, rental housing, retail and shopping malls, self-storage centers, communications towers, timberlands, and many other types of properties.

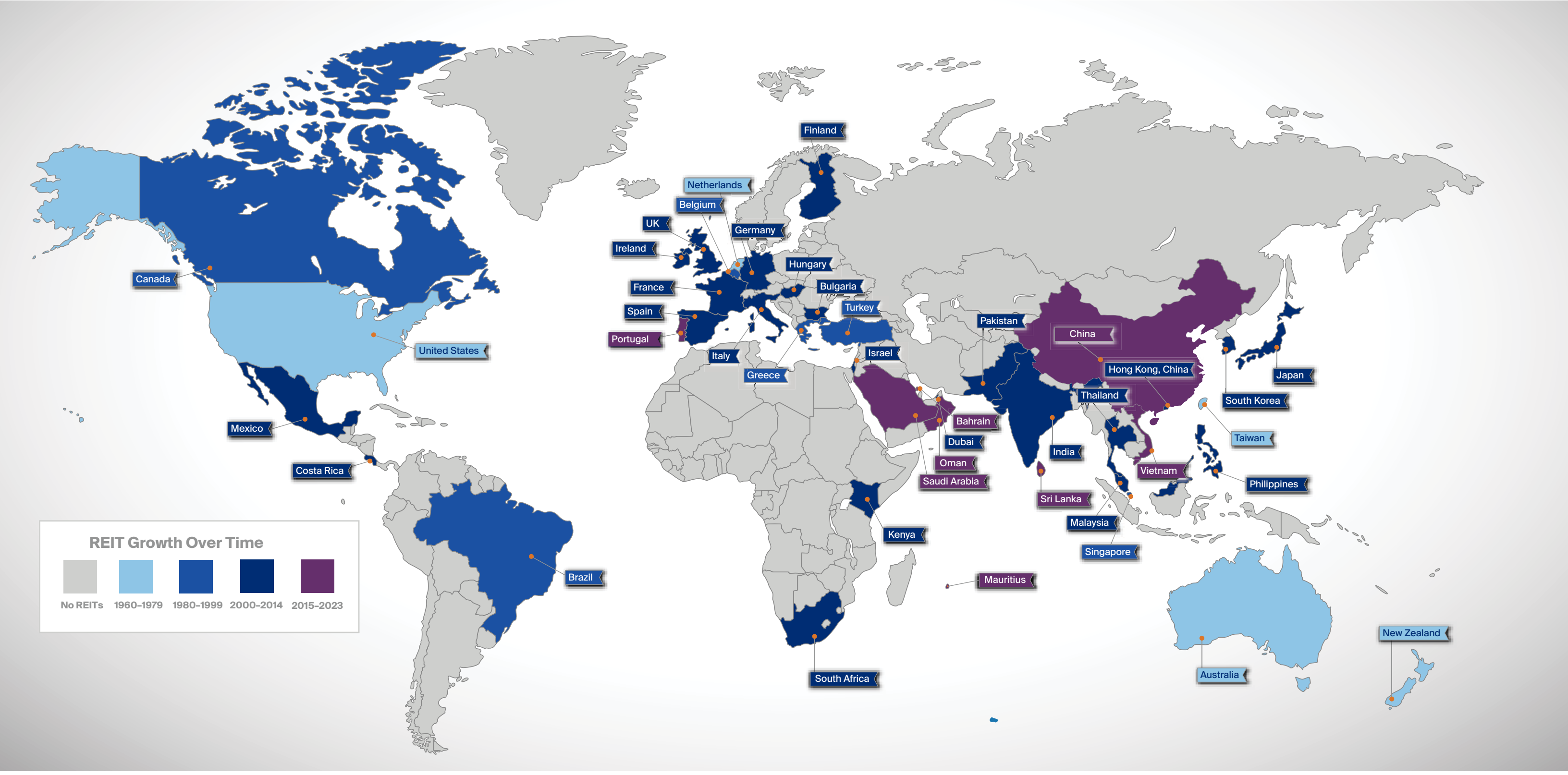
REITs AROUND THE WORLD

Countries and Regions with REITs

1960 United States
1969 Netherlands
1969 New Zealand
1969 Taiwan
1971 Australia
1993 Brazil
1993 Canada
1995 Belgium
1995 Turkey
1999 Greece
1999 Singapore
2000 Japan
2001 South Korea
2003 France
2003 Hong Kong
2005 Bulgaria
2005 Malaysia
2005 Thailand
2006 Dubai, UAE
2006 Israel
2007 Germany
2007 Italy
2007 United Kingdom
2008 Pakistan
2009 Costa Rica
2009 Finland
2009 Spain
2010 Mexico
2010 Philippines
2011 Hungary
2013 Ireland
2013 South Africa
2014 India
2014 Kenya
2015 Bahrain
2015 Vietnam
2016 Saudi Arabia
2018 Oman
2019 Portugal
2020 Sri Lanka
2021 China
2023 Mauritius

REITs Around the World 60 years of growth

Countries and regions with REITs



A total of 940 listed REITs with a combined equity market capitalization of approximately $2.0 trillion (as of December 2023) are in operation around the world. REITs have grown dramatically in both number and equity market capitalization over the past 30 years, going from 120 listed REITs in two countries to 940 listed REITs in 42 countries and regions.

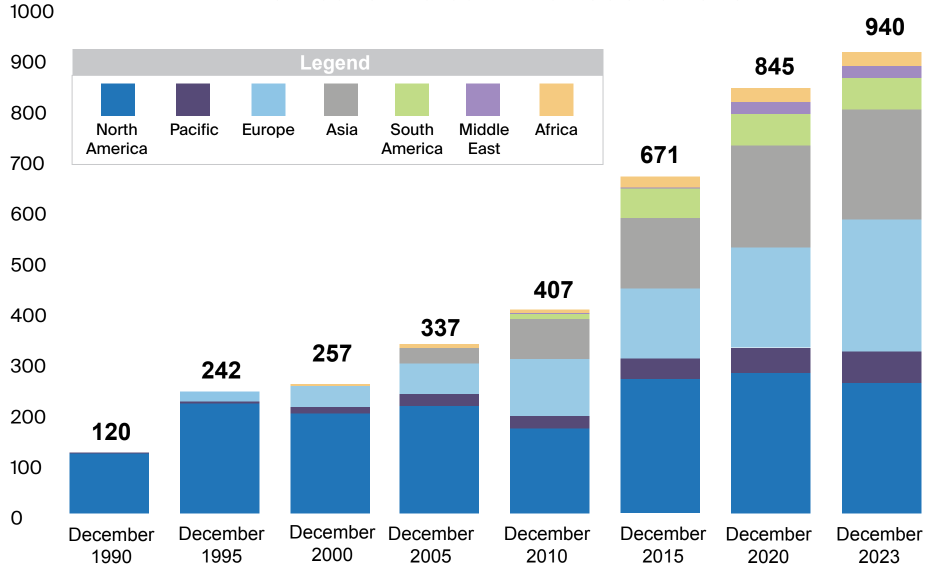
Europe and the Pacific have seen the largest growth in REITs since 2020, with Europe adding 62 REITs (31% growth) and the Pacific adding 13 REITs (25% growth). In both regions, growth was driven by established and emerging market countries.

In Europe, Bulgaria has more than tripled its number of REITs since 2020, going from eight to 27 in 2023. Spain added 30 REITs, bringing its 2023 total to 77 REITs, and Turkey added eight REITs to reach a total of 44 in 2023.

In the Pacific, the Philippines experienced REIT growth from just one in 2020 to eight in 2023. Australia also added five REITs since 2020 to bring its current total to 46.

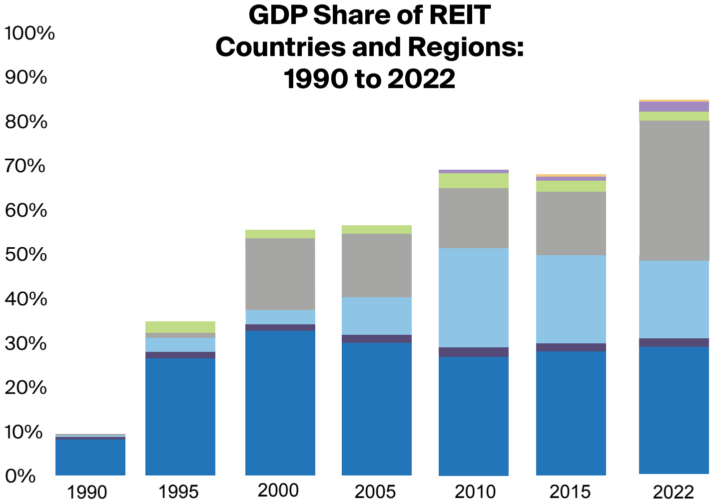
Asia has also seen strong growth at 22% since 2020. China officially established REITs in 2021 and had 29 listed REITs in 2023. India also has more than doubled its number of REITs from two in 2020 to five in 2023.

Number of Listed REITs: 1990 to 2023



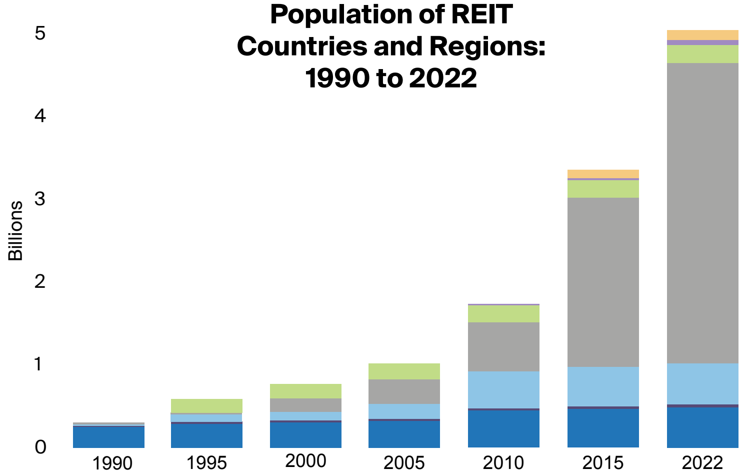
Source: Count of U.S. listed equity and mortgage REITs from FTSE Nareit All REITs Index and companies listed as equity or mortgage REITs in S&P Global Capital IQ in REIT countries and regions.

GDP Share of REIT Countries and Regions: 1990 to 2022



Source: Nareit, Capital IQ Pro.

Population of REIT Countries and Regions: 1990 to 2022



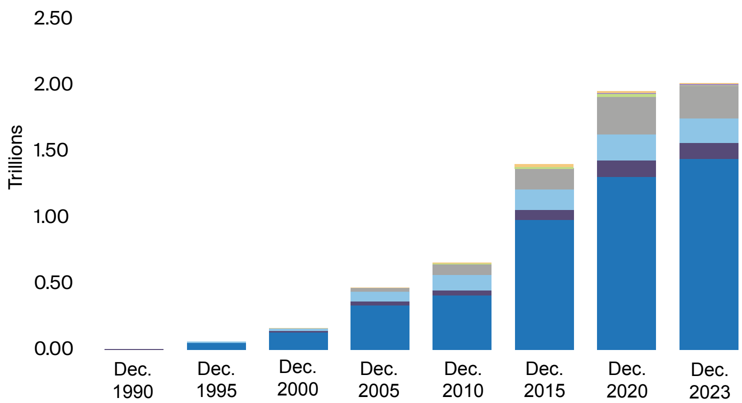
Source: Nareit, Capital IQ Pro.

Market capitalization for REITs has increased steadily around the world, although there has been only modest growth since 2020. The strongest growth has been in North America. Growth in North America has been mostly driven by a 139% increase in market cap in Mexico, through existing REITs and the addition of five REITs. In Europe, Hungary has increased it market cap 85% since 2020 with only one additional REIT. This growth is a testament to the success and durability of the REIT approach.

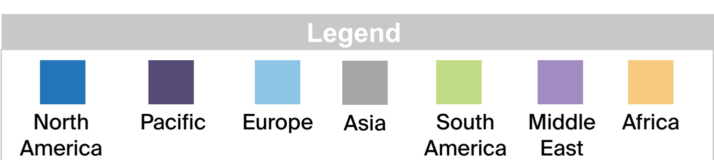
As the REIT model has spread globally, current countries and regions with REITs represent 84% of 2022 global GDP, increasing from 28% of global GDP in 1990. The GDP of REIT countries and regions has increased from $6.5 billion to almost $84 trillion in this time frame.

In 1990, REIT countries and regions had just a 6% share of global population, whereas now they account for 63% of the world's 2022 population. Asia has driven the growth in population for REIT countries and regions, most notably with the adoption of REITs in India in 2014 and China in 2021.

REIT Market Capitalization Growth: 1990 to 2023



Source: Equity market capitalization for U.S. listed equity and mortgage REITs from FTSE Nareit All REITs Index, equity market capitalization for companies listed as equity or mortgage REITs in S&P Global Capital IQ in REIT countries and regions.



REITs Provide Flexibility

The decades-long evolution of REITs has yielded many common features that point to a successful REIT model, with the unifying theme of flexibility running through them. REITs provide flexibility in:

- **Property type eligibility:** REITs are innovators and early adopters in owning and operating the commercial real estate that houses the modern economy.
- **Management:** Flexible management structures help companies navigate regional leverage limits and ownership restrictions.
- **Structure:** REITs come in many forms—listed, non-listed, and private.
- **Property Transfers:** Properties can enter a REIT without incurring a taxable event.
- **Simplicity:** Allows flexible and simple structures, rather than requiring multi-tier structures.

Benefits of REITs: Economies

Early Movers in Enabling the Changing Economy

REITs have been real estate innovators for decades. One of the most important innovations was creating an effective alignment of interests between REIT managers and investors through permanent capital, dividend payouts, and a corporate governance structure.

REITs have also consistently been early movers in bringing institutional capital into new and emerging areas of real estate. Some of the innovative sectors REITs spearheaded have included self-storage, health care, hotels and lodging, billboards, and timberland.

With technology at the forefront of many innovations within the economy, REITs have led the way in housing the digital economy in data centers, communications towers, and industrial and logistics facilities.

REITs are continuing to innovate by embracing emerging property types like life science and laboratory space, cold storage, single family rentals, casinos and gaming, and others.

Access to Capital Leads to Capital Market Stability

REITs help provide capital market stability in many way, including:

Accessing global capital markets
REITs provide a channel to access global capital.

Increasing efficiency and liquidity in the local real estate market
REITs provide integration between real estate and capital markets, contributing to more efficient capital allocation.

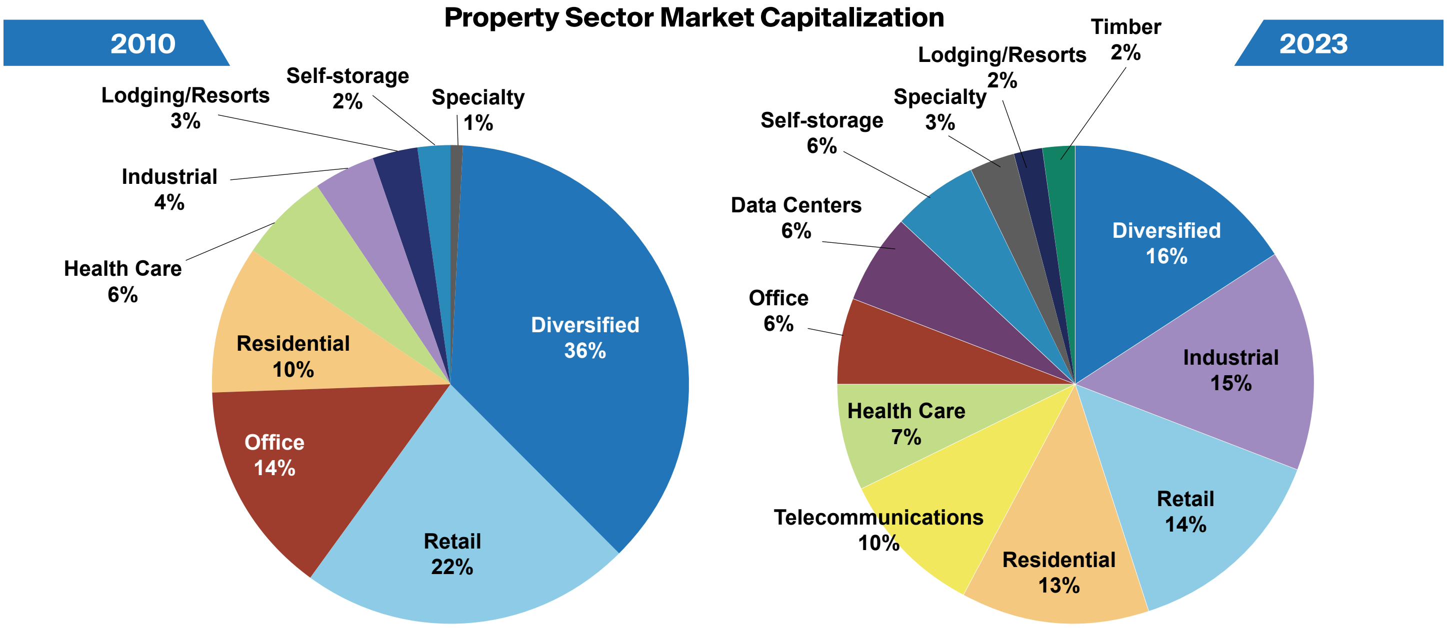
Fostering transparency to promote stability in the local real estate market
REITs are an effective way to increase market transparency and provide market-based pricing signals to help govern real estate development more effectively.

Promoting financial stability
REITs can also promote financial stability. Research shows that REITs helped limit a property price bubble in commercial real estate in the run up to the Great Financial Crisis.[1]

Promoting securitization
Asset securitization provides businesses with an additional channel for financing and can effectively move credit risk off bank balance sheets. REITs are a reliable and transparent method for securitizing assets, providing funding to property owners, and diversifying investment opportunities for all investors, while simultaneously reducing systemic risk.

Reducing the dependency of the real estate sector on non-banking finance
REITs provide equity financing, and many trade on securities exchanges and must disclose financial performance information, thereby increasing transparency and management accountability.

Providing broad accessibility to the benefits of real estate investment
REIT-based real estate investment can provide all local investors, including small investors, access to the long-term benefits of investing in real estate for building wealth and financial security. Pensions, endowments, and other institutional investors around the world also increasingly use REITs as part of their real estate allocations.



Note: Industrial includes industrial and industrial/office mixed. Source: FTSE EPRA Nareit Global equity market capitalization by property sector as of Dec. 31, 2010 and FTSE EPRA Nareit Global Extended Index equity market capitalization of property sectors as of Dec. 31, 2023.

These charts show the change in market capitalization of various real estate sectors between 2010 and 2023.

REITs provide access to key sectors of the modern economy, including telecommunications towers, data centers, health care facilities, self storage facilities, hotels, gaming facilities and others in addition to the traditional four property sectors (retail, residential, office, and industrial).

Outside of the traditional four property sectors and the diversified sector, the modern economic and emerging sectors represent 36% of the FTSE EPRA Nareit Global REITs Extended Index.

Data Center REITs own facilities that house the servers that help link data communications, store data, and maintain the internet.

Health Care REITs own and manage various healthcare related real estate, including senior living facilities, hospitals, medical office buildings, and skilled nursing facilities.

Industrial REITs own the logistics facilities that play a crucial role in e-commerce and cold storage. Temperature-controlled facilities maintain the quality of products, including electronics, frozen and fresh perishable grocery items, and medical supplies ahead of delivery.

Self Storage REITs own and manage storage facilities. They rent space to both individuals and businesses.

Telecommunications REITs own communications towers and fiber that house the equipment to transmit voice and data messages and allow information to flow among devices around the world.

Benefits of REITs: Investors

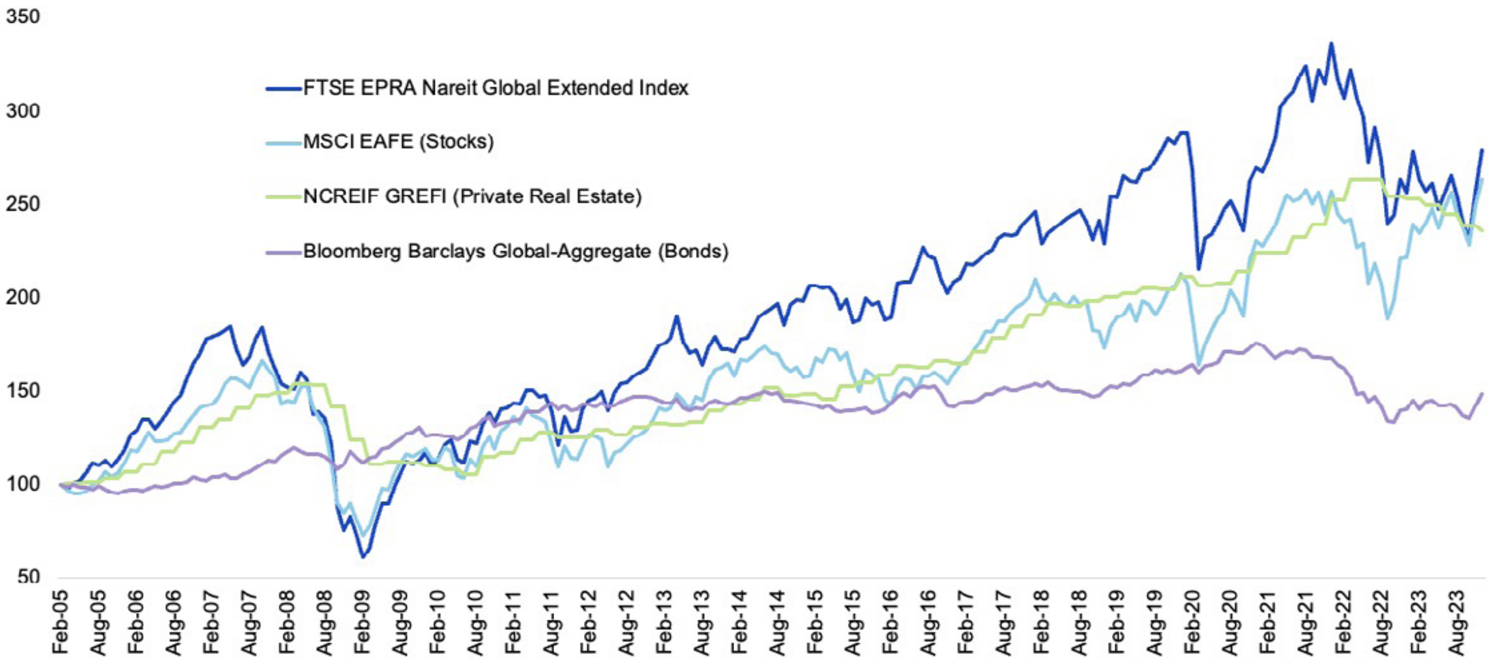
Commercial real estate is a fundamental asset class, and REITs are a low cost, effective, and liquid means of investing in real estate. REIT investment helps to build diversified portfolios that cover the entire breadth of investment markets, and commercial real estate has historically brought unique attributes to a portfolio, including:

- A distinct economic cycle relative to most other stocks and bonds;
- Potential inflation protection; and,
- Reliable income returns.

REITs historically have delivered competitive total returns based on high, steady dividend income and long-term capital appreciation. Their comparatively low correlation with other assets also makes them an excellent portfolio diversifier that can help reduce overall portfolio risk and increase returns.

The growth in size and importance of real estate, primarily equity REITs, resulted in a new real estate sector classification by S&P Dow Jones Indices and MSCI in their Global Industry Classification Standard (GICS®) in 2016. Similarly, in 2017, FTSE Russell added the real estate sector within its Industry Classification Benchmark (ICB®). With these classifications, investors, managers, and advisors are encouraged to more actively consider real estate—especially REITs—when developing investment policies and portfolios.

Total Returns: Stocks, Bonds, and Private and Public Real Estate



Source: Monthly returns in USD for FTSE EPRA Nareit Global Extended Index, MSCI EAFE and Bloomberg Barclays Global-Aggregate February 2005-December 2023 via Factset. Quarterly returns for NCREIF Global Real Estate Fund Index (GREFI) through 2023Q3.

Characteristics of REIT-Based Real Estate Investment

The REIT approach to real estate investing provides investors with a straightforward and transparent means to access the real estate asset class.

Performance — The real estate market is the primary driver of REIT returns; therefore, REITs may be used as a liquid proxy for gaining access to the entire commercial real estate asset class.

As the chart shows, over the long term, global listed real estate, including REITs, has generally outperformed both global stocks and global bonds. The compound annual growth rate in returns from February 2005 to December 2023 is 7.5% for the FTSE EPRA Nareit Global Extended Index, compared with 5.8% for the broader global stock market (represented by MSCI EAFE), 5.7% for private real estate and 3.1% for global bonds (Bloomberg Barclays Global-Aggregate bond index).

Within global real estate, REITs have outperformed other listed real estate companies. From June 2009, average annual growth for the FTSE EPRA Nareit Global REITs Extended Index is 13% during the period.

As of Dec. 31, 2023, the FTSE EPRA Nareit Global Extended Index, the broadest index of global stock exchange-listed REITs and property companies in both developed and emerging countries and regions, included 495 constituents with a combined float-adjusted equity market capitalization of $1.8 trillion. REITs represented 81% of that market capitalization.

Diversification — REITs have had low correlation with other stocks and bonds,[2] with FTSE EPRA/Nareit Global REITs Extended Index having a 0.82 correlation with MSCI EAFE.[3]

Over the past few decades, assets have become increasingly correlated. Fortunately, REITs provide access to meaningful diversification opportunities.

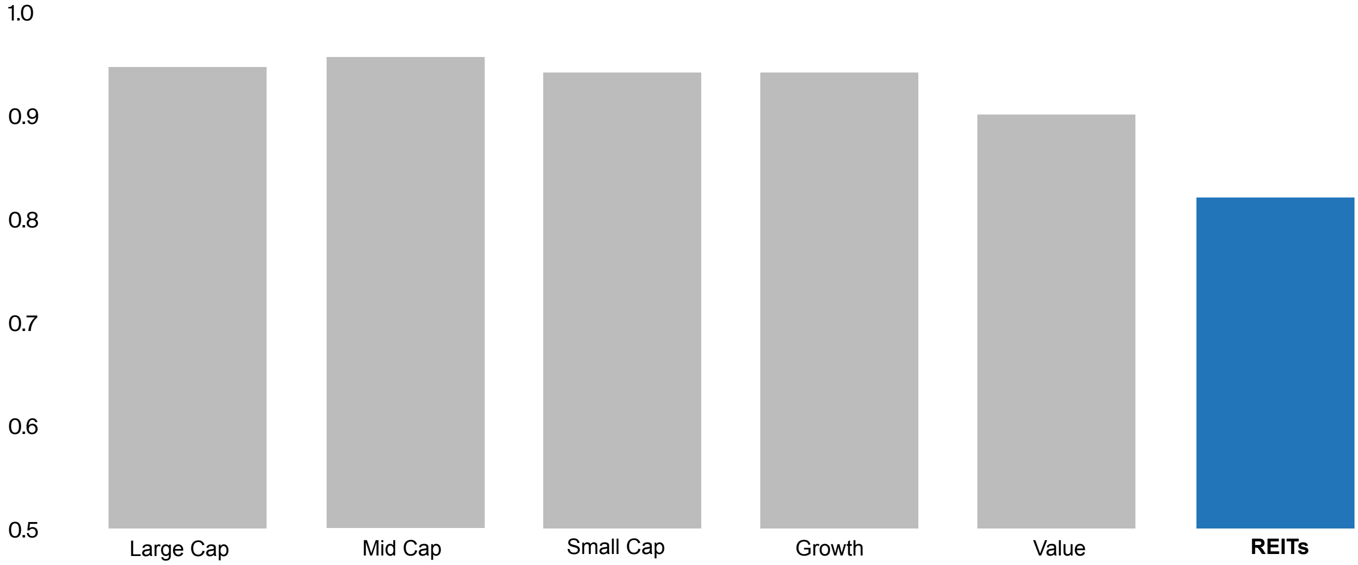
The chart on page 13 illustrates the low correlation REITs have had with the broad stock market.

Liquidity — REITs are bought and sold like other stocks, UCITS, mutual funds, and ETFs.

Dividends — REITs have provided reliable income returns.[4] The dividend yield for the FTSE EPRA Nareit Global REITs Index for Dec. 31, 2023 was 4.13% versus 3.04% for MSCI EAFE.

Inflation Protection — Due in part to the fact that many leases are tied to inflation and that real estate values have tended to increase in response to rising replacement costs, REITs have provided natural protection against inflation, and their dividends delivered a reliable stream of income even during inflationary periods.

Correlation with Global Total Stock Market Total Monthly Returns



Source: Monthly total returns for MSCI EAFE Indexes and FTSE EPRA/Nareit Global REITs Extended Index from June 2009 to December 2023.

Benefits of REITs: Communities

Commercial real estate is a critical part of the economy and plays a significant role in communities.

Through the diverse array of properties they own, finance, and operate, REITs help provide the essential real estate that support neighborhoods, enable the digital economy, power community essential services, and build the infrastructure of tomorrow, while creating jobs and economic activity along the way.

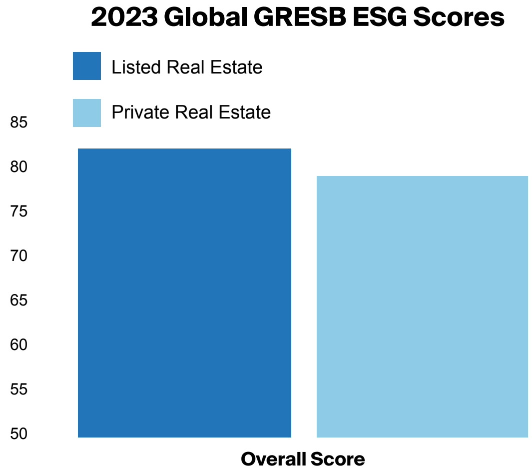
Economic Growth, Job Creation, and Training

Globally, REITs are responsible for significant tax revenue generated both at the shareholder level where taxes are imposed and with respect to other aspects of their business, including employment taxes, VAT, and property taxes.

REIT economic activity supports employment and economic growth through the people they employ directly as well as the goods and services they purchase from others, the structures they develop and build and purchase from others, and the dividends and interest they pay out to investors.

REITs employ analysts, property managers, sustainability managers, and human resources professionals, among others. REITs that operate their own buildings may also directly employ roles such as maintenance, custodial services, food services, and others. For example, in the U.S. in 2022, REITs supported an estimated 3.4 million full-time equivalent jobs, with REITs employing 330,500 full-time equivalent employees directly.

In addition to supporting job creation, many REITs have initiated social programs that focus on job training and career development within their respective sectors to help their customers build talent pipelines, while reinforcing career pathways and creating economic opportunity in the communities where they operate.



Source: GRESB, 2023 value-weighted scores based on data submitted by companies.

Sustainability, Social Responsibility, and Good Governance

REITs and their stakeholders have led the way in sustainability, social responsibility, and good governance. REITs and listed real estate outperformed privately owned and operated real estate in the 2023 GRESB scores. Listed real estate edged out private real estate in all three GRESB categories and by six points overall as shown in the chart above. REITs understand that they contribute to and affect meaningful change in their communities, regions, and countries through the sustainability activities they undertake and the metrics they establish, report, and achieve.

Sustainability
The REIT industry has long focused on environmental stewardship, with a large portion of the industry prioritizing investments in energy-saving and waste-mitigating technology, sustainable building materials, and responsible environmental management processes. In recent years, many REITs began tracking the impact of these environmental efforts, and have found significant cost savings, solid tenant and community engagement, strong executive and board commitment, and effective risk management.

Social Responsibility
REITs and their properties bring communities together every day, which is why the REIT industry has been prioritizing social responsibility. They have introduced various impactful and innovative partnerships and programs that address customer needs, engage employees, and promote community well-being. Yet, there is much more work to be done, both in terms of effective, transparent reporting and community engagement, especially with respect to advancing diversity, equity, and inclusion in the REIT and real estate investment industry.

Good Governance
REITs have a long history of good governance practices. In many global REIT regimes, by law, REITs must distribute most of their taxable income. Because there is limited opportunity to retain earnings, management is more likely to be efficient with available funds, shareholders have greater control over earnings, and management objectives align with shareholder interests.

Public REITs, unlike private real estate investments, can only raise additional capital in the public capital markets by disclosing financial information to investors and reporting on material business developments and risks, allowing investors to analyze and value REIT stocks independently. This scrutiny provides a measure of protection and more than one barometer of any REIT's financial condition. In addition, being subject to a particular country's or region's securities laws typically requires regular disclosures to the public, including quarterly and annual financial reports.

The REIT approach to real estate investing builds economies, increases investment, and supports communities around the world. REIT investors can construct real estate portfolios that are diversified across different types of properties and geography.

REITs help promote development and investment in commercial real estate and infrastructure; provide access to global investment capital; and encourage broad-based domestic ownership of commercial real estate.

For data cited in this report unless otherwise noted,
or to access additional REIT news, research,
market trends, or analysis, visit

REIT.com

All information unless otherwise cited is from REIT.com
1 Packer, F., T.J. Riddiough, and Shek. “Securitization and the Supply Cycle: Evidence from the REIT Market.” The Journal of Portfolio Management, Special Real Estate Issue 2013, pp. 134-143.
2 CEM Benchmarking 2023 available at https://www.reit.com/data-research/research/updated-cem-benchmarking-study-highlights-reit-performance.
3 Source: Nareit analysis of monthly returns from FTSE EPRA Nareit Global REITs Index July 31, 2009 to Dec. 31, 2023 via FTSE and Factset and MSCI EAFE via Factset.
4 Nareit sponsored study by Wilshire Funds Management – Income Oriented Portfolios – Challenges and Solutions, October 2016.