

2025 EDITION

# Global REIT Approach to Real Estate Investing

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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 worldwide since their inception 65 years ago and the benefits of the REIT model for economies, investors, and communities. There are 42 countries and regions, accounting for 85% of global GDP with a combined population of more than 5 billion people, which have enacted REIT legislation. Key findings from the study show:

- **REITs have grown dramatically in number and equity market capitalization over the past 30 years:** From 120 listed REITs in two countries to 1,021 listed REITs in 42 countries and regions.
- **REITs have outperformed global stocks:** REITs have seen a compound annual growth rate of 9.2% since June 2009 compared to 6.9% 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 other property types in addition to the four traditional property sectors (retail, residential, office, and industrial).
- **REITs help diversify portfolios:** REITs have a low correlation with stocks. The FTSE EPRA Nareit Global REITs Extended Index has a 0.78 correlation with MSCI EAFE.
- **REITs have a commitment to resiliency:** REITs prioritize investments in energy-saving and waste-mitigating technology, resilient building materials, and environmental management processes, leading to cost savings, tenant engagement, and effective risk management.

As nations seek to create, modernize, and maintain the built environment in which we live, work, and spend our leisure time, 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 policymakers and economic development entities, globally, as well as for REITs, real estate companies, and investors. Nareit will continue to engage in and support efforts to grow and to improve the REIT model of real estate investment worldwide. We encourage you to connect with Nareit to discuss how we can help support REIT development in your nation or region.

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This document defines what is a REIT 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 (\$).

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REIT performance results are provided only as a barometer or measure of past performance, and future values will fluctuate from those used in the underlying data. Any investment returns or performance data (past, hypothetical or otherwise) shown herein or in such data are not necessarily indicative of future returns or performance.

# What is a REIT?



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

Nations around the world adopt REITs as part of their economic development strategies. REITs help house national economies by providing much of the real estate where people live, work, shop, and spend their leisure time. REITs own, operate, and/or finance apartment buildings, data centers, health care facilities, lodging and resorts, casinos, logistics facilities, office buildings, rental housing, retail and shopping malls, self-storage centers, communications towers, timberlands, and many other types of properties.

## REITs generally:

- are widely-held;
- invest mostly in real estate, and/or earn most income from real estate assets;
- distribute most of their income to shareholders; and
- 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.

## 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.



# Why REITs?

## 1 Structural & Market Characteristics

- Access to innovative sectors
- Liquidity
- Global reach
- Governance

## 2 Financial & Performance Benefits

- Historical return outperformance
- Disciplined balance sheets
- Efficient access to capital
- Low fees

## 3 Operational Advantages

- Specialization
- Operational excellence
- Scale
- Resiliency

Attractive Risk-Adjusted Returns

Income Generation

Diversification

Important Component  
of the Investable Universe

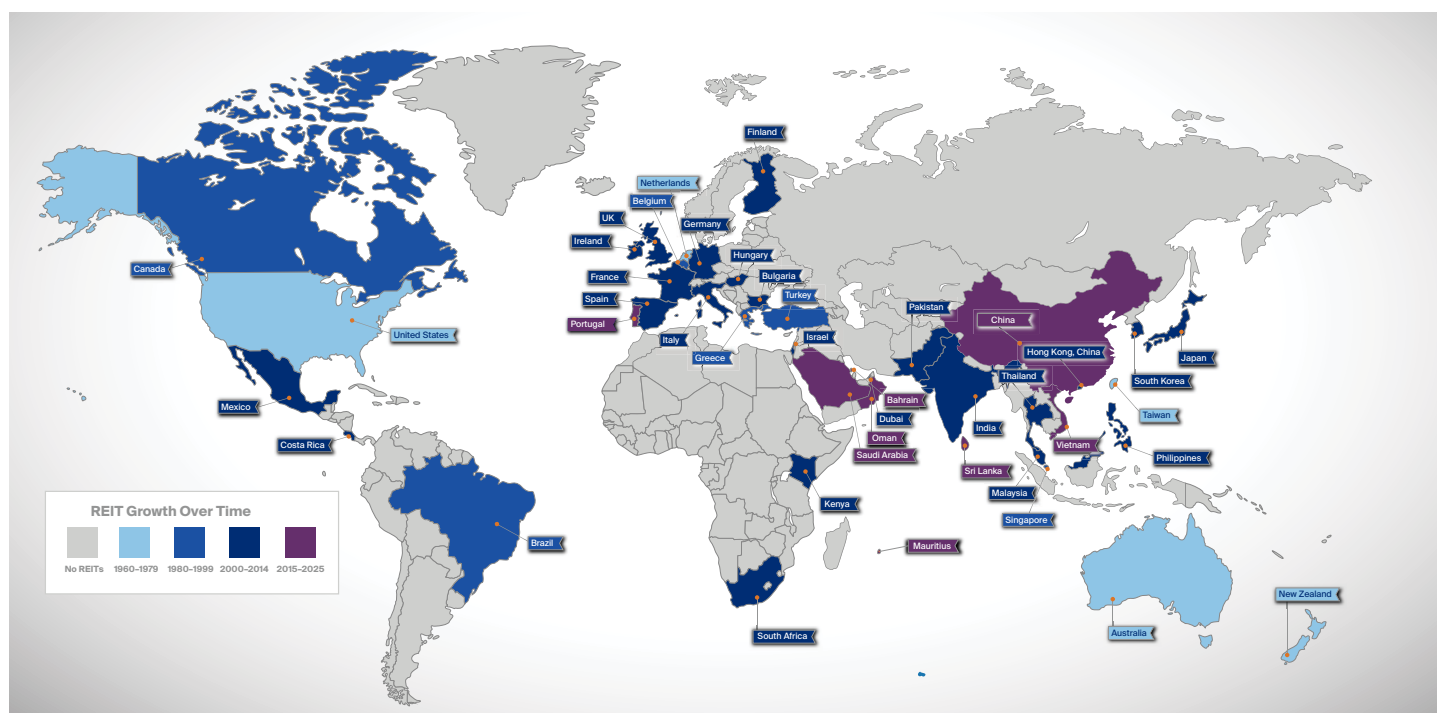
Inflation  
Protection

# Global REIT Adoption

## REITs Around the World

Countries and regions with REITs

**65** years of growth



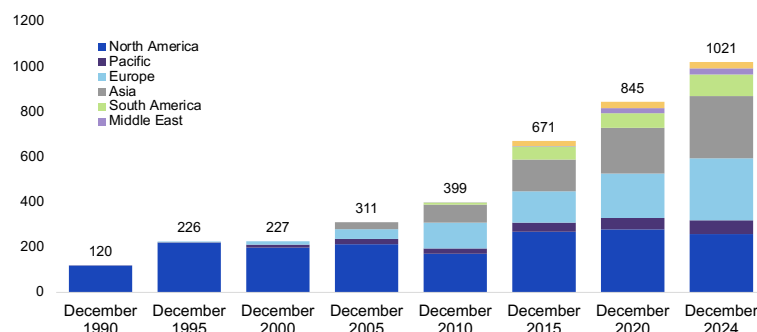
When REITs were authorized in the U.S. in 1960, it made commercial real estate accessible to Americans in the same way they had been able to invest in the stocks and bonds of many companies. Since then, the U.S. REIT model has encouraged broad-based real estate investment. Today, 170 million Americans, or more than 50% of American households, have REIT investments.

While the REIT approach to real estate investment has been refined and enhanced over the years, the original intent of inclusivity remains at its core. The global REIT industry today includes companies engaged in real estate ownership or financing that support nearly all sectors of the economy—from the houses and apartments in which people reside to the shopping centers they frequent to the offices where they work. REITs also enable today's digital economy through real estate such as communications towers, data centers, and logistics facilities.

As the global population grows and urbanization accelerates, REITs are an important tool that can provide access to local and global capital to construct and maintain the built environment, provide market stability, and open real estate ownership to many.

## Number of Listed REITs Continues to Grow

1990 to 2024



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



# Global REITs by the Numbers

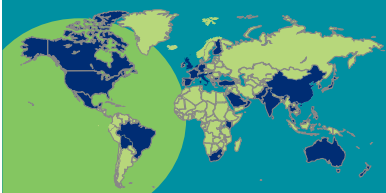
## 5 billion

People living in countries with REITs



## 42 countries and regions

have authorized REITs



## \$2.04

## trillion

Equity market capitalization of listed REITs in 2024 (\$10 billion in 1990)

## 1960



REITs were first introduced in the United States

## 63%

Percentage of world's population in countries with REITs (up from 6% in 1990)



## 7 of 7

Countries in the G-7 have REITs



## 50%+

Countries in the Organisation for Economic Co-operation and Development (OECD) have REITs

## 1,021

Listed REITs around the globe



## 85%

Share of global GDP countries with REITs represented. (9% of global GDP in 1990)

# Benefits of REITs to Economies



## Innovative

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.

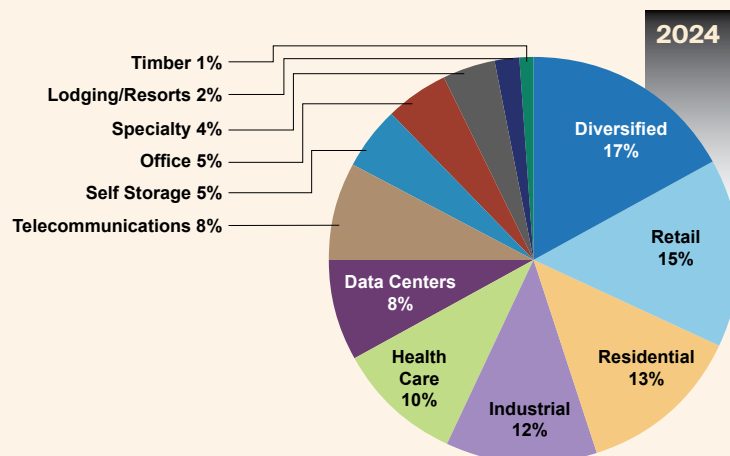
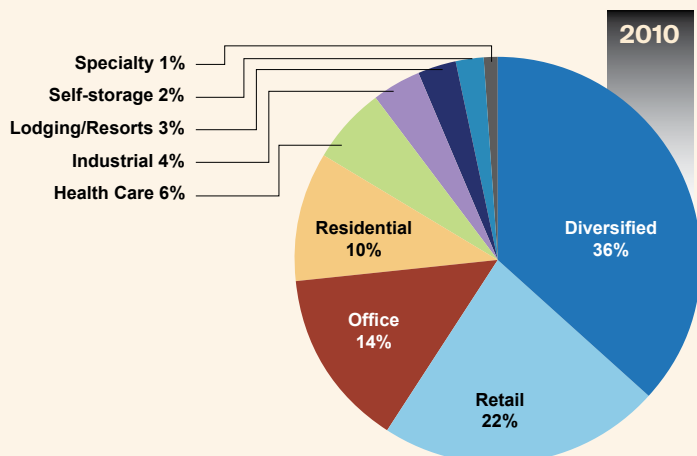
REITs have also consistently been early movers in bringing institutional capital into new and emerging areas of real estate such as self-storage, health care, hotels and lodging, billboards, and timberland. In addition, REITs are continuing to innovate by embracing emerging property types such as life science and laboratory space, cold storage, single family rentals, casinos and gaming, and others.

Outside of the traditional four property sectors (retail, residential, office, and industrial) and the diversified sector, the modern economic and emerging sectors represent 36% of the FTSE EPRA Nareit Global REITs Extended Index. Property types under each of these sectors include:

- **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 health care 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.
- **Self-Storage REITs** own and manage storage facilities used by both individuals and businesses.
- **Telecommunications REITs** own communications towers and fiber networks that house the equipment to transmit voice and data messages and allow information to flow among devices around the world.



## Property Sector Market Cap Has Evolved



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, 2024.

### Capital Market Stability

REITs help promote capital market stability and financial system stability. Research shows that REITs helped limit a property price bubble in commercial real estate in the run up to the Great Financial Crisis.<sup>1</sup>

In addition, REITs foster capital market stability by:

- Providing a channel to access global capital.
- Increasing integration between real estate and capital markets, contributing to more efficient capital allocation.
- Fostering market transparency and providing market-based pricing signals to help govern real estate development more effectively.
- Creating 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 real estate sector's dependency on non-banking finance.

At the investor level, REITs provide 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.

### 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.

In the U.S. in 2023, REITs supported an estimated 3.5 million full-time equivalent jobs, with REITs employing 331,000 full-time equivalent employees directly.

- **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.

### Economic Growth and Job Creation

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.
- The goods and services they purchase from others.
- The structures they develop, build, and purchase from others.
- The dividends and interest they pay out to investors.

REITs employ analysts, property managers, sustainability managers, and human resources professionals, among others. REITs that are permitted to operate their own buildings may also directly employ roles such as maintenance, custodial services, food services, and others.

# Benefits of REITs to Investors



REITs, like a mutual fund or UCITS, provide an investment opportunity that makes it possible for everyday investors, and institutional investors, to benefit or enjoy returns from real estate and real estate-related projects.

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;
- long-term capital appreciation;
- steady dividend income; and
- reliable income returns.

REITs, like a mutual fund or UCITS, provide an investment opportunity that makes it possible for everyday investors, and institutional investors, to benefit or enjoy returns from real estate and real estate-related projects.

Because they are often listed on stock markets, 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 also can easily construct real estate portfolios that are diversified across different types of properties property types and geographies.

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 2018, FTSE Russell added the real estate sector within its Industry Classification Benchmark (ICB®).

## Characteristics of REIT-Based Real Estate Investment

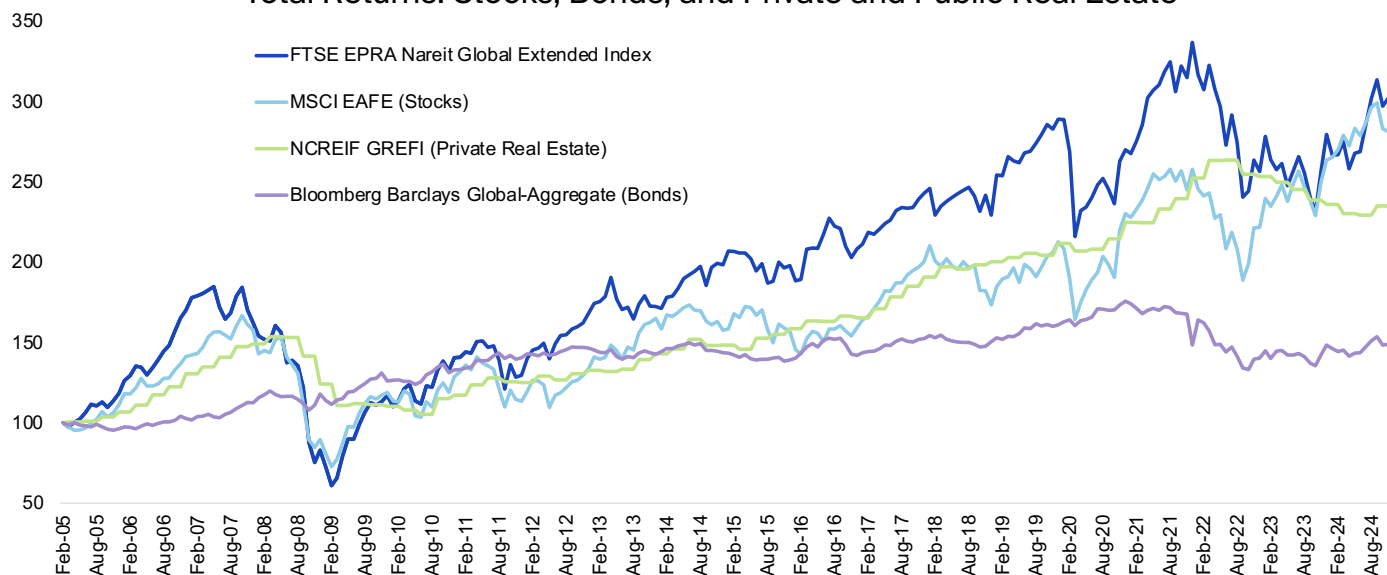
The REIT approach to real estate investing provides investors with a straightforward and transparent means to access the real estate asset class.

**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.



## Global Listed Real Estate Generally Outperforms

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 2024 via Factset. Quarterly returns for NCREIF Global Real Estate Fund Index (GREFI) through 2024Q4.

As the chart shows, over the long term, global listed real estate, including REITs, has generally outperformed both global stocks and global bonds.

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 9.2% during the period.

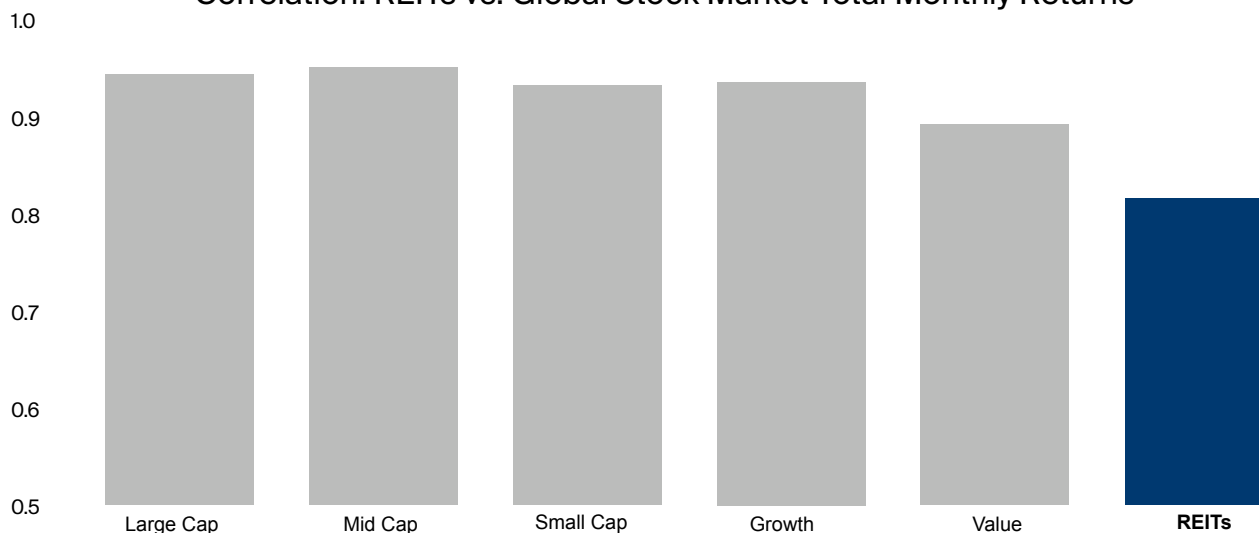
As of Dec. 31, 2024, the FTSE EPRA Nareit Global Extended Index, the broadest index of global stock exchange-listed REITs and property companies in both developed and emerging countries and regions, included 495 constituents with a combined float-adjusted equity market capitalization of \$1.8 trillion. REITs represented 81% of that market capitalization.

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



## REITs Have Low Correlation with Stock Market

Correlation: REITs vs. Global 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 2024.

The chart above illustrates the low correlation REITs have had with the broad stock market.<sup>2</sup>

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

**Dividends:** REITs have provided reliable income returns.<sup>3</sup> The dividend yield for the FTSE EPRA Nareit Global REITs Index for Dec. 31, 2024 was 4.03% versus 3.07% for MSCI EAFE.

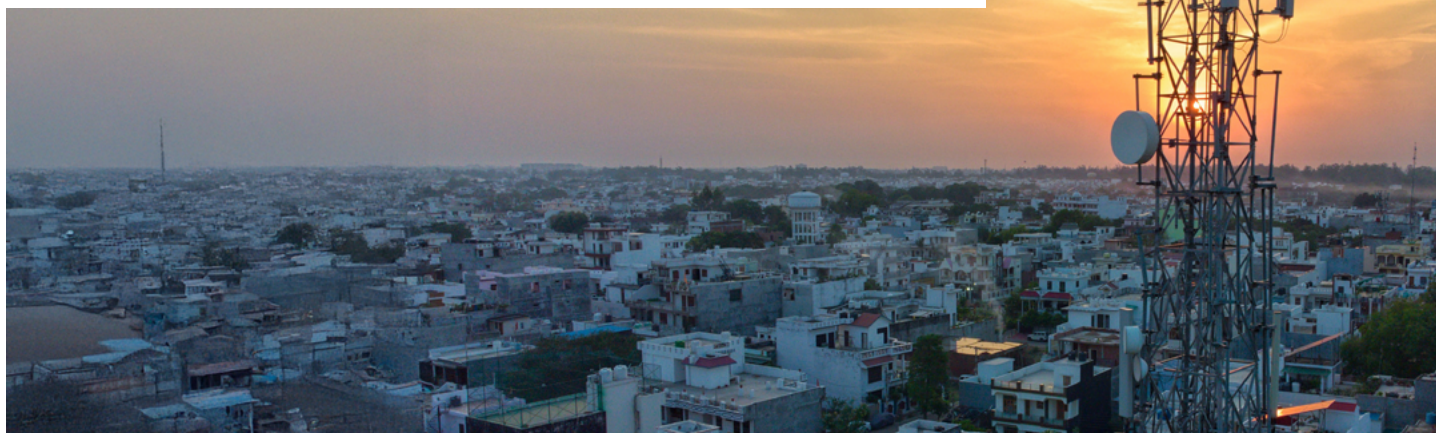
**Inflation Protection:** Partly because many leases are tied to inflation and because real estate values have tended to increase in response to rising

replacement costs, REITs have provided natural protection against inflation, and their dividends have delivered a reliable stream of income, even during inflationary periods.

### Resiliency and Governance

REITs have led the way in environmental resilience, corporate responsibility, and good governance. For example, the REIT industry has prioritized investments in energy-saving and waste-mitigating technology, sustainable building materials, and responsible environmental management processes. It has also

introduced impactful and innovative partnerships and programs that address customer needs and engage employees. Finally, in most global REIT regimes, REITs must distribute most of their taxable income. Given that there is limited opportunity to retain earnings, management is highly attuned to cost of capital and aligning business objectives with shareholder interests.





# The Future of the Global REIT Landscape



More regions and countries outside the United States recognize the benefits that REITs offer their economies and investors. For example, since 2020:

- Europe has experienced a 39% growth in the number of REITs.
- Asia has experienced a 36% growth in the number of REITs.
- Africa remains poised for growth in the coming decades.
- Australia and New Zealand experienced a 20% growth in the number of REITs.
- India has experienced a 68% growth in market cap.

In addition, the number of REITs in China doubled from 2023 to 2024, increasing from 29 to 58.<sup>4</sup>

This increasing global adoption of REITs has resulted in four emerging megatrends that will continue to progress at varying speeds across

different regions. Importantly, each of these four megatrends reflect different aspects of REITs' inherent strengths and advantages.

These megatrends include:

- **Specialization** – Focusing on owning properties within one sector enables REITs to be world-class operators in their spaces.
- **Scale** – REITs build large operating platforms that foster economies of scale, lower the cost of capital, and make it easier to deliver solutions to the largest tenants.
- **Innovation** – REITs lead the way in developing new property types and offering institutional investors efficient access to them. These property types range from data centers, logistics facilities, and telecommunications

towers to health care facilities, hotels, self-storage buildings, and gaming properties.

- **Sustainability** – REITs continue to own assets with best-in-class sustainability characteristics as reflected in Nareit's [REIT Industry Sustainability Report 2024](#) and a peer-reviewed [academic study](#) sponsored by Nareit.

Across the globe, these megatrends are unfolding at different speeds, but all the regions are moving in the same direction. The figure above illustrates the progress of each megatrend in different areas of the world. The Americas, driven by the United States, leads in specialization, scale, and innovation, while Europe leads in sustainability.



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 2024 available at <https://www.reit.com/data-research/research/updated-cem-benchmarking-study-highlights-reit-performance>.

3 Nareit sponsored study by Wilshire Funds Management – Income Oriented Portfolios – Challenges and Solutions, October 2016.

4 Regional data as of Dec. 31, 2024.