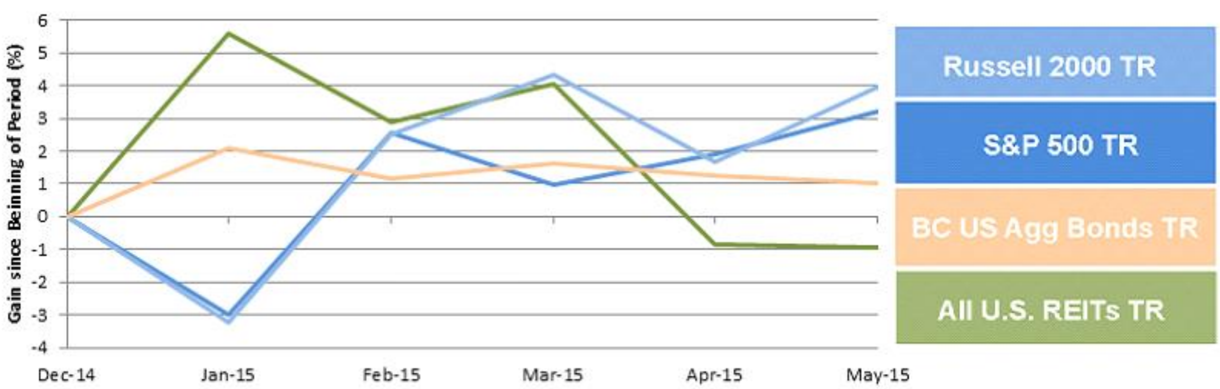
MEDIA BRIEF
JUNE 2015

	YTD TOTAL RETURN	MAY 29 DIV YIELD	1-YEAR TOTAL ANNUALIZED RETURN	5-YEAR TOTAL ANNUALIZED RETURN	10-YEAR TOTAL ANNUALIZED RETURN
FTSE NAREIT ALL REIT INDEX	**(0.96%)**	**4.02%**	**9.71%**	**14.09%**	**7.37%**
FTSE NAREIT COMPOSITE INDEX	**(1.16%)**	**4.09%**	**9.24%**	**13.80%**	**7.15%**
FTSE NAREIT ALL EQUITY REIT INDEX					
	(1.38%)	**3.62%**	**9.77%**	**14.15%**	**8.03%**
FTSE NAREIT MORTGAGE REIT INDEX					
	2.14%	**10.51%**	**3.87%**	**10.63%**	**(1.67%)**
S&P 500 INDEX	**3.23%**	**2.05%**	**11.81%**	**16.54%**	**8.12%**

REIT Market Data | REIT Basics | REIT Glossary | REIT FAQs

REITS DECLINE 0.11 PERCENT IN MAY WHILE BROADER MARKET GAINS



For the year to date: the FTSE NAREIT All REITs Index, the broadest benchmark of the stock exchange-listed U.S. REIT industry containing both equity and mortgage REITs, delivered a total return of (0.96) percent, compared to the S&P 500 Index's total return of 3.23 percent. At the end of May, the dividend yield for the FTSE NAREIT All REITs Index was 4.02 percent, compared with a dividend yield of 2.05 percent for the S&P 500. The FTSE NAREIT All REITs Index includes 224 REITs with a combined equity market capitalization of $927 billion.

For the month of May: the FTSE NAREIT All REITs Index was down 0.11 percent on a total return basis, following a 4.71 percent decline in April that erased first quarter gains. In contrast, the S&P 500 Index increased by 1.29 percent in May.

The FTSE EPRA/NAREIT Global Real Estate Index delivered a total return of 2.14 percent (based in U.S. dollars) for 2015 year-to-date, and produced a dividend yield of 3.32 percent at the end of May. The global index includes 471 companies from around the world with a combined equity market capitalization of $1.43 trillion, nearly three-quarters of which is from REITs. The FTSE EPRA/NAREIT Asia/Pacific Index delivered the best performance of any region, with a total return of 7.85 percent for the year through May, while Europe and Middle East/Africa delivered gains of 5.43 percent and 4.41 percent, respectively. The FTSE EPRA/NAREIT Americas was the only region with negative returns, with a decline of 2.29 percent for the year to date.

Thirty-one countries in addition to the United States have now enacted REIT legislation to foster the development of commercial real estate markets and facilitate investment in real estate securities.

See all REIT market data

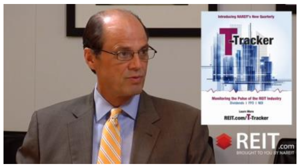
VIDEO: INDEX OF DAILY PROPERTY VALUES OPENS NEW DOORS FOR DIRECT REAL ESTATE INVESTORS

The FTSE NAREIT PureProperty® Index Series, introduced on June 1, provides daily measures of commercial real estate returns at the property level. Data is available for property types including Apartments, Health Care, Hotels, Industrial, Offices and Retail, at both a national and regional level in the East, Midwest, South and West U.S. regions.

“Daily property level benchmarks will enable innovations in how direct real estate investors are able to hedge risk and diversify their exposure,” explains Brad Case, Senior Vice President, Research & Industry Information at NAREIT. Investors who want to take tactical positions in specific property types and regions will be able to do so efficiently by buying and selling future investment products that track the weights on constituents of the appropriate FTSE NAREIT PureProperty indices rather than buying and selling corresponding properties. Similarly, investors who own properties in a particular market will be able to use such investment products to hedge their exposure to changing valuations and market conditions. The indices also will provide daily information to guide the decision-making of lenders, brokers and others in the commercial property market.

Watch the Video

VIDEO: NAREIT T-TRACKER™ OFFERS NEW WINDOW ON INDUSTRY PERFORMANCE



NAREIT has introduced its Total REIT Industry Tracker Series (NAREIT T-Tracker), a new quarterly composite measure of the operating performance of the entire U.S. stock exchange-listed REIT industry. It provides benchmarks for three key measures of industry performance: Funds From Operations, Net Operating Income and Dividends Paid.

“This new measure will have value for anyone who is studying, analyzing or investing in REITs,” says Calvin Schnure, Senior Vice President of Research & Economic Analysis. He notes the U.S. economy decelerated in the first quarter of this year and REIT earnings as measured by FFO were not immune to this, but strong increases in dividends underscore the solid income REITs provide for investors. Schnure expects business fundamentals for REITs to regain momentum, especially with an improving job market, which supports real estate rental growth and occupancy rates.

The NAREIT T-Tracker report for the first quarter of 2015 shows that U.S. stock exchange-listed REITs paid out $9.8 billion in total dividends in the first quarter, up 21.6 percent from the same quarter a year earlier, while total dividends paid in 2014 were $42 billion. The report shows industry operating performance as measured by total Funds From Operations (FFO) has increased 18.1 percent on an average annual basis over the past five years.

Watch the Video

SECTOR RESULTS: SELF-STORAGE TAKES THE LEAD IN YEAR TO DATE

Four sectors of the stock exchange-listed U.S. REIT market outperformed the S&P 500 Index in the first five months of the year. The Self-Storage sector led the gains with an 8.20 percent total return. The Manufactured Homes segment was second with a 6.17 percent total return. The Commercial Financing sub-sector of the FTSE NAREIT Mortgage REITs Index followed with a 5.46 percent total return for the year, and Apartments delivered a 4.38 percent gain.

The Diversified sector was in positive territory with a 1.76 percent year-to-date gain, and Home Financing REITs delivered a 1.16 percent total return.

The overall FTSE NAREIT Mortgage REITs Index provided a 2.14 percent year-to-date return and reported a 10.51 percent dividend yield at the end of May. The FTSE NAREIT All Equity REITs Index declined 1.38 percent on a total return basis through the first five months of the year and recorded a dividend yield of 3.62 percent at the end of May.

See all REIT sector data

STOCK EXCHANGE-LISTED REITs RAISE $34.94 BILLION OF CAPITAL IN FIRST FIVE MONTHS OF 2015

Stock exchange-listed REITs raised a total of $34.94 billion in public capital in the first five months of 2015 to deploy as part of their value creation strategies, one-third more than the $23.30 billion raised in the same period of 2014.

Listed REITs raised $17.89 billion of common and preferred equity in the first five months of this year, including $1.37 billion in six IPOs, as well as $17.06 billion of 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 43.4 percent, and the debt ratio of the FTSE NAREIT All Equity REITs Index was 31.4 percent.

See all REIT capital markets data

UNDERSTANDING REITs: NEPC PRIMER ARGUES WHY REITS SHOULD BE INCLUDED IN INSTITUTIONAL REAL ESTATE PORTFOLIOS

NEPC, a consultant to pension funds, endowments and other institutions, has weighed in on a frequent topic of discussion among institutional investors, making the case for REITs in real estate portfolios. The naysayers, according to NEPC, argue that REITs are not real estate but equities, and notes it is true they trade like equities – at least in the short term. On the other hand, proponents of REITs argue that the fundamental assets owned by Equity REITs are buildings, and that REIT values ultimately are dictated by their property values. Therefore, REITs are real estate, according to NEPC.

NEPC views REITs as core real estate and argues they should be included in many institutional real estate portfolios. The most compelling reasons include the size and quality of the REIT universe, the diverse range of REIT property sectors, the long-term linkage between REIT and private real estate valuations, strong historical returns, limited exposure provided by traditional equity managers, inflation-hedging characteristics, and liquidity. In addition, NEPC notes that REITs have a lower fee drag than core equity funds.

Download “A Primer on US Equity REITs and Their Role in an Institutional Investment Portfolio” from NEPC’s Website

CONTACT INFORMATION

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