



NEWS RELEASE

Contact: Ron Kuykendall
(202) 739-9425
RKuykendall@nareit.com

REIT Operating Performance Rebounds Strongly in Second Quarter 2015

NAREIT T-Tracker Reports 16.6 Percent Growth in Funds From Operations

WASHINGTON, D.C., August 20 – Real Estate Investment Trusts’ operating performance rebounded sharply in the second quarter from the first quarter of 2015, according to the Total REIT Industry Tracker Series (NAREIT T-Tracker) released today by the National Association of Real Estate Investment Trusts (NAREIT). The NAREIT T-Tracker is a quarterly, composite performance measure of the entire U.S. stock exchange-listed REIT industry.

“REITs are benefiting from the longer-term commercial real estate up cycle and from near-term strengthening of the U.S. economy this spring,” said NAREIT President and CEO Steven A. Wechsler. “The economy has regained momentum with healthy demand growth following a sluggish winter.”

NAREIT T-Tracker results for the second quarter ended June 30, 2015 were as follows:

- The U.S. listed Equity REIT industry produced total Funds From Operations (FFO) of \$12.9 billion in 2015:Q2, up 16.6 percent compared to the first quarter of 2015 and a 16.5 percent increase from \$11.1 billion in the second quarter of 2014.
- Second quarter 2015 FFO per share was up 14.8 percent from the first quarter of 2015, and up 5.0 percent compared to the same period last year.
- Total Net Operating Income (NOI) was \$19.5 billion in the second quarter for U.S. listed Equity REITs, up 7.5 percent from the first quarter of 2015 and a 12.7 percent increase from \$17.3 billion in the second quarter of 2014.
- The NAREIT T-Tracker began compiling same-store NOI this quarter to provide a key measure of organic growth for investors. REITs delivered a 3.9 percent increase in same-store NOI in 2015:Q2 compared to the same period a year ago.
- Total dividends paid by all listed REITs were \$10.7 billion in the second quarter, up 2.1 percent from \$10.5 billion in the same period last year. This includes \$9.0 billion for listed Equity REITs and \$1.7 billion for listed Mortgage REITs. Total dividends paid declined 7.5 percent from the first quarter, however, which was elevated due to substantial special, non-recurring dividend payments by several REITs. Adjusting all periods for the impact of special dividends, total dividends paid were up 2.2 percent from the first quarter of 2015 and up 14.0 percent from the second quarter of 2014.

- Dividends per share in the second quarter declined 8.7 percent from the first quarter of 2015, and were 6.7 percent below the same period a year earlier. Adjusting for the impact of special dividend payments, dividends per share were 0.9 percent higher than in 2015:Q1 and 4.2 percent higher than the same period a year earlier.

Total FFO and NOI for all listed Equity REITs offer a gauge of the industry's condition. The T-Tracker results underscore that while real estate was not immune to the softening of the overall economy earlier this year, REIT industry fundamentals – including an improving job market and absorption amid modest new construction – have regained momentum.

“REITs delivered strong operating performance in absolute terms and outperformed other S&P 500 sectors in the second quarter by a wide margin,” said Calvin Schnure, NAREIT's Senior Vice President of Research & Economic Analysis. “The growth in REIT net operating income is being driven by healthy same-store trends, reflecting rising occupancy and rent growth, coupled with ongoing expansion of the REIT sector.”

About NAREIT T-Tracker

The NAREIT T-Tracker, introduced in May 2015, provides investors a more complete picture of the quarterly operating performance of the entire U.S. listed REIT industry. The Series includes three key REIT industry measures: the NAREIT FFO Tracker, which monitors Funds From Operations for all listed Equity REITs; the NAREIT NOI Tracker, which reports Net Operating Income for all listed Equity REITs; and the NAREIT Dividend Tracker, which tallies the dividends paid to shareholders by all listed Equity and Mortgage REITs.

The NAREIT FFO Tracker measures Funds From Operations (FFO) – a non-GAAP measure that is the most commonly accepted and reported measure of Equity REIT operating performance. It is roughly equal to a REIT's GAAP net income excluding real estate depreciation and gains or losses from sales of property. REITs generally adhere to the [NAREIT definition of FFO](#) in their SEC filings.

The NAREIT NOI Tracker measures Net Operating Income (NOI) – a non-GAAP measure that equals gross operating income provided by the property (rental income as well as fees and other revenues) less property operating expenses, including utilities, management fees, insurance, and property taxes, but excluding interest and principal payments on debt, income or franchise taxes, capital expenditures and depreciation.

The NAREIT Dividend Tracker monitors total common dividends paid – the total amount of all dividends that investors in common stock receive from all listed Equity and Mortgage REITs.

As of August 17, 2015, 167 listed Equity REITs in the FTSE NAREIT All Equity REITs Index had reported second quarter earnings. These REITs accounted for 99.8 percent of total industry FFO in the first quarter of 2015. The NAREIT T-Tracker uses estimates of FFO, NOI and dividends paid for REITs that have not reported as of August 17, 2015 based on growth of those measures for REITs that have reported.

SEE COMPLETE [NAREIT T-Tracker](#) CHARTS AND 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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