



NEWS RELEASE

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REITs DELIVER 13 PERCENT TOTAL RETURN TO INVESTORS IN THE FIRST THREE QUARTERS OF 2014

WASHINGTON, DC, October 9 – Stock exchange-listed U.S. REITs significantly outperformed the broader equity markets for the first three quarters of 2014, according to the National Association of Real Estate Investment Trusts (NAREIT). On a global basis, REITs and other publicly traded real estate securities also performed well.

“Positive economic trends have increased demand for commercial real estate this year while the supply of new properties remains tight by historical standards,” said NAREIT President and CEO Steven A. Wechsler. “These market conditions have provided support to REIT fundamentals such as occupancy rates, rental income, cash flow and dividend growth, while total returns for the first three quarters of 2014 underscore the performance, income and portfolio diversification benefits of REITs for investors with longer-term investment horizons.”

REIT total returns and dividend yields outpace those of S&P 500

The FTSE NAREIT ALL REITs Index was up 13.08 percent on a total return basis for the first three quarters of the year, with a dividend yield of 4.31 percent, as of September 30. The FTSE NAREIT All Equity REITs Index was up 13.36 percent, with a dividend yield of 3.75 percent. These results compared to the S&P 500 Index total return for the first three quarters of 2014 of 8.34 percent and a dividend yield of 2.06 percent.

The total return of the FTSE NAREIT ALL REITs Index declined 2.63 percent in the third quarter of 2014 and the FTSE NAREIT All Equity REITs Index fell 2.48 percent, compared to an increase of 1.13 percent for the S&P 500 Index, due to greater declines in REITs than in the broader stock market in September.

The FTSE EPRA/NAREIT Global Real Estate Index – representing 458 companies from around the world with a combined market capitalization of \$1.3 trillion – delivered a total return of 7.18 percent for the first nine months, with a dividend yield of 3.66 percent at September 30.

Apartment REITs led the way, but every major sector was up strongly

Among the major property sectors in the U.S., Apartment REITs were the top performing sector with a 20.29 percent total return for the year to date, followed by Infrastructure and Self-Storage REITs, up 16.76 percent and 15.34 percent respectively. Retail,

Lodging/Resort and Healthcare REITs all delivered total returns of more than 13 percent while Office REITs were up 11.67% for the first three quarters of 2014.

The FTSE NAREIT Mortgage REITs Index was up 12.69 percent for the first three quarters of the year, with the Home Financing subsector up 13.51 percent and the Commercial Financing subsector up 10.69 percent.

Market conditions support REIT returns

Strengthening macroeconomic conditions and rising demand for commercial real estate provided solid support for REIT fundamentals. GDP growth has rebounded to a 4.6 percent annual rate and monthly increases in nonfarm payrolls for the first nine months of this year accelerated to an average of 227,000 – well above last year’s average of 194,000.

These gains in economic momentum have led to further improvements in commercial real estate markets. Absorption of commercial real estate increased in the third quarter but was roughly matched by higher new supply, leaving vacancy rates about flat. The stronger demand, however, supported rent growth.

REIT balance sheets remain strong, with moderate leverage

Stock exchange-listed U.S. REITs raised \$51.2 billion in new capital in the first nine months of 2014 to deploy as part of their value creation strategies, compared to \$60.6 billion for the same period last year. Listed REITs raised \$24.0 billion of common and preferred equity, including three IPOs that raised a total of \$763 million, and \$27.2 billion of unsecured debt for the first three quarters of the year. Equity REITs had a debt ratio of 33.2 percent and an EBITDA to interest expense ratio of 3.8 times at June 30, the last period for which complete data are available.

Editors’ Note: Complete REIT market data for the first nine months of 2014 summarized in this press release are available [Here](#). In addition, 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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