

Global Real Estate Recovery Lagging The Rebound In The U.S.

Developed Market REIT/Real Estate Index Values (USD) Relative To Their All-Time Highs

	Peak to Current	Peak to Trough
FTSE NAREIT Equity REITs	-19.47% 2/7/07-4/11/14	-75.82% 2/7/07-3/6/09
FTSE NAREIT Composite	-26.47% 2/7/07-4/11/14	-75.82% 2/7/07-3/6/09
FTSE EPRA/NAREIT Developed Asia	-34.36% 11/1/07-4/11/14	-72.65% 11/1/07-3/9/09
FTSE EPRA/NAREIT Developed Europe	-44.78% 4/10/07-4/11/14	-79.26% 4/10/07-3/9/09

Source: Bloomberg. Past performance is no guarantee of future results.

View from the Observation Deck

1. Investors seeking value in the equities markets may want to consider a portfolio of U.S. REITs, or a combination of foreign and domestic real estate companies and REITs.
2. The approach of pairing real estate companies with REITs is a bit more commonplace overseas where REIT markets are somewhat of a newer concept and still developing.
3. Despite that subtle distinction, the peak to trough returns in the chart clearly show that REIT and real estate company valuations, both domestic and foreign, reached their respective peaks in 2007.
4. The bubbles in both the residential and commercial real estate markets eventually popped and the fallout was significant, with benchmark indices plunging from their highs by 72.65% to 79.26%.
5. The chart also indicates that the indices bottomed out in early March 2009, which coincided with the end of the bear market in stocks.
6. While U.S. REITs have recovered from their lows better than their foreign counterparts to date, there is potential for more upside (see Peak to Current column) both domestically and abroad, in our opinion.
7. The International Monetary Fund sees global GDP growth rising. It estimates that the global GDP growth rate will rise from 3.0% in 2013 to 3.6% in 2014, and then up to 3.9% in 2015.
8. REITs and real estate companies also offer relatively attractive dividend yields in today's climate. Many yield 3.50% or better.

The chart and performance data referenced are for illustrative purposes only and not indicative of any actual investment. The index performance data excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. There can be no assurance that any of the projections cited will occur. The FTSE NAREIT Equity REITs Index is a free float adjusted market capitalization-weighted index that includes all tax qualified REITs listed on the major U.S. exchanges. The FTSE NAREIT Composite Index combines the members of the FTSE NAREIT Equity REITs Index and the FTSE NAREIT Mortgage REITs Index. The FTSE EPRA/NAREIT Developed Asia Index and the FTSE EPRA/NAREIT Developed Europe Index are free float adjusted market capitalization-weighted indices that track listed real estate companies and REITs in those regions.