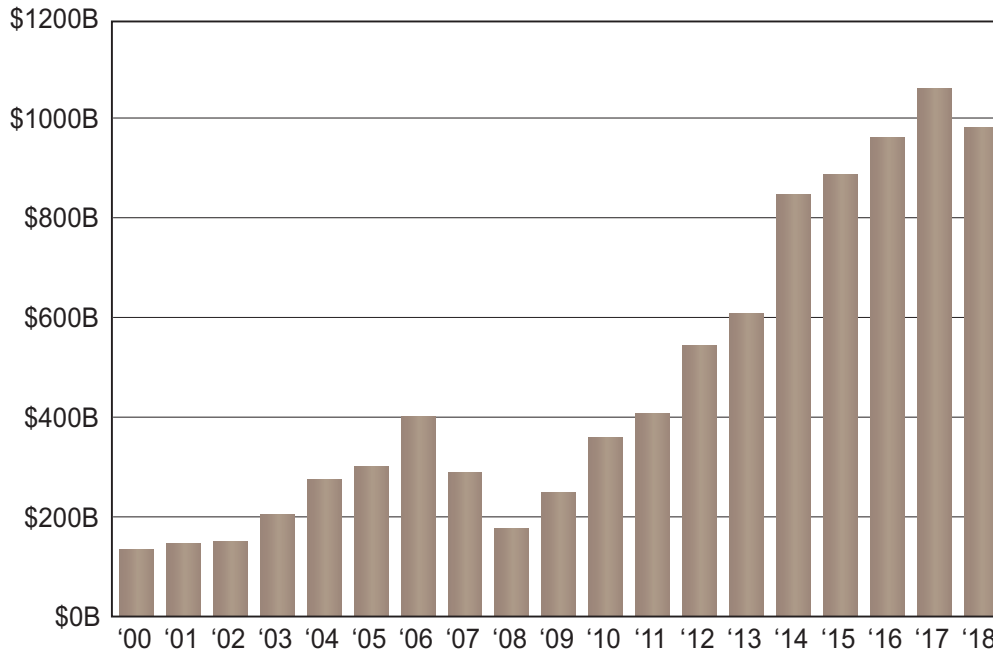


Massive Growth In The Equity REIT Market This Millennium

Equity REIT Market Capitalization Outstanding (2000-2018)
(Billions of dollars at year-end)



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

View from the Observation Deck

1. Total market capitalization for publicly-traded equity REITs grew from \$134.4 billion at the end of 1999 to \$980.3 billion at the close of 2018, or a gain of 629.4% (see chart).
2. The decline in interest rates and bond yields since the end of 1999 helped pave the way for said growth, in our opinion.
3. The yield on the 10-year Treasury note (T-note) declined from 6.44% on 12/31/99 to 2.69% on 12/31/18, according to Bloomberg. It hit an all-time closing low of 1.36% on 7/8/16.
4. Those investors seeking higher yielding alternatives heading into the new millennium would have prospered in equity REITs.
5. From 12/31/99-12/31/18, the FTSE Nareit All Equity REITs Index posted an average annual total return of 10.76%, compared to 4.86% for the S&P 500 Index, according to Bloomberg.
6. The same holds true for those investors that opted for equity REITs following the 2008-2009 financial crisis.
7. From 3/9/09-12/31/18, the FTSE Nareit All Equity REITs Index posted an average annual total return of 19.00%, compared to 16.69% for the S&P 500 Index, according to Bloomberg.
8. Demand for real estate-oriented investments has enabled REITs in general to raise a lot of capital through IPOs and secondary equity offerings. Of the \$152.2 billion of new capital raised by REITs over the past two years (2017-2018), roughly 50% of it came from equity offerings and the other 50% came from debt, according to Nareit and S&P Global Market Intelligence. The ability to raise capital is a sign of strength, in our opinion.
9. As of today (2/26/19), the FTSE NAREIT All Equity REITs Index currently sports a dividend yield of around 3.96%, compared to around 2.65% for the 10-year T-note, according to Bloomberg. It is important to note that the investment characteristics of equity REITs and Treasury securities are different, including the fact that Treasury securities are backed by the full faith and credit of the U.S. government if held to maturity.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The FTSE NAREIT All 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 S&P 500 Index is a capitalization-weighted index comprised of 500 stocks (currently 505) used to measure large-cap U.S. stock market performance.

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