

## REIT-Update: USA

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National Association of  
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### **Decline In Commercial Property Values May Signal Bull Market For REITs**

In sharp contrast to the decline seen in commercial property values, the total return of the FTSE NAREIT Equity REIT Index is up nearly 2 percent through Aug. 31 and up nearly 6 percent for the third quarter, according to the National Association of Real Estate Investment Trusts (NAREIT).

While it may seem counter-intuitive, history indicates that REIT shares are likely to continue trending up while direct commercial property values, as measured by the NCREIF Property Index, sink. Historically, cyclical movements of the U.S. REIT index precede the movements of the NCREIF Property Index by four to eight quarters. For more information on the the historical results and what this means going forward, click here <http://www.reit.com/Portals/0/WebExclusivesBrad.pdf>.

### **U.S. Health Care REITs Look Steady Heading Into 2009**

Health care REITs are outperforming the benchmark real estate securities index at ING Clarion, and are somewhat of a "safe haven" during economic uncertainties, reports Joseph Smith, managing director, ING Clarion Real Estate Securities. REIT.com sat down with Smith to discuss his observations on the sector in more detail. Click here for the interview. [http://www.reit.com/Portals/0/WebExclusives\\_Healthcare.pdf](http://www.reit.com/Portals/0/WebExclusives_Healthcare.pdf)

### **The Map To Standardization**

On Aug. 27, the Securities and Exchange Commission (SEC) approved the release of a proposed roadmap that would, if certain milestones are reached, result in all U.S. issuers preparing their financial statements under International Financial Reporting Standards (IFRS) beginning in 2014. Click here to read how the timetable will unfold. [http://www.reit.com/Portals/0/WebExclusives\\_SEC.pdf](http://www.reit.com/Portals/0/WebExclusives_SEC.pdf)

### **Simon Property Group's Stake in Liberty Signals Further Internationalization of Retail Real Estate**

In whatever direction **Simon Property Group** (NYSE: SPG) takes its recently acquired stake in **Liberty International PLC** (LSE: LII) the move affirms the REIT's strong interest in expansion overseas.

Simon, the largest U.S. - based REIT and mall operator with \$24 billion in assets, announced it had acquired a 3.5 percent stake in London - based Liberty on Aug. 22. The **Westfield Group** (ASX: WDC), the world's largest mall owner, followed with a filing Aug. 26 that indicated the Sydney - based REIT had acquired a 2.96 percent stake in Liberty. Indianapolis - based Simon soon followed by saying it had increased its holdings to 4.22 percent. While it remains to be seen if a bidding contest will break out, Simon's move

means it's serious about pursuing London - based Liberty, analysts say. Click Here to read more. [http://www.reit.com/Portals/0/WebExclusives\\_Simon.pdf](http://www.reit.com/Portals/0/WebExclusives_Simon.pdf)

## **REITs: The Key to Portfolio Diversification**

When investors choose assets to form a well-performing, diversified portfolio, they look for three investment attributes. The first is strong returns: they need assets that will grow in value enough to fund their retirement. The second is stability: they need assets whose values will not fluctuate too strongly. And the third is diversification: they need assets that won't move together in value, because low correlations will reduce the volatility of their overall portfolio.

The U.S. stock market forms the cornerstone of most investors' portfolios. That means we can measure diversification potential using the correlation between a given investment and the broad domestic stock market. The other two key investment attributes—returns and stability—can be combined into a measure of risk-adjusted performance, such as the Sharpe ratio, which equals average excess total return divided by the standard deviation of monthly returns.

The question is, which investments provide both strong risk-adjusted returns and diversification potential? NAREIT Vice President of Research Brad Case answers that question in this exclusive REIT.com video. Click Here to watch.

[www.reit.com/Portals/0/REITCafeMP3/DIVERSIFICATION\\_082808.wmv](http://www.reit.com/Portals/0/REITCafeMP3/DIVERSIFICATION_082808.wmv)

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