# February REITview

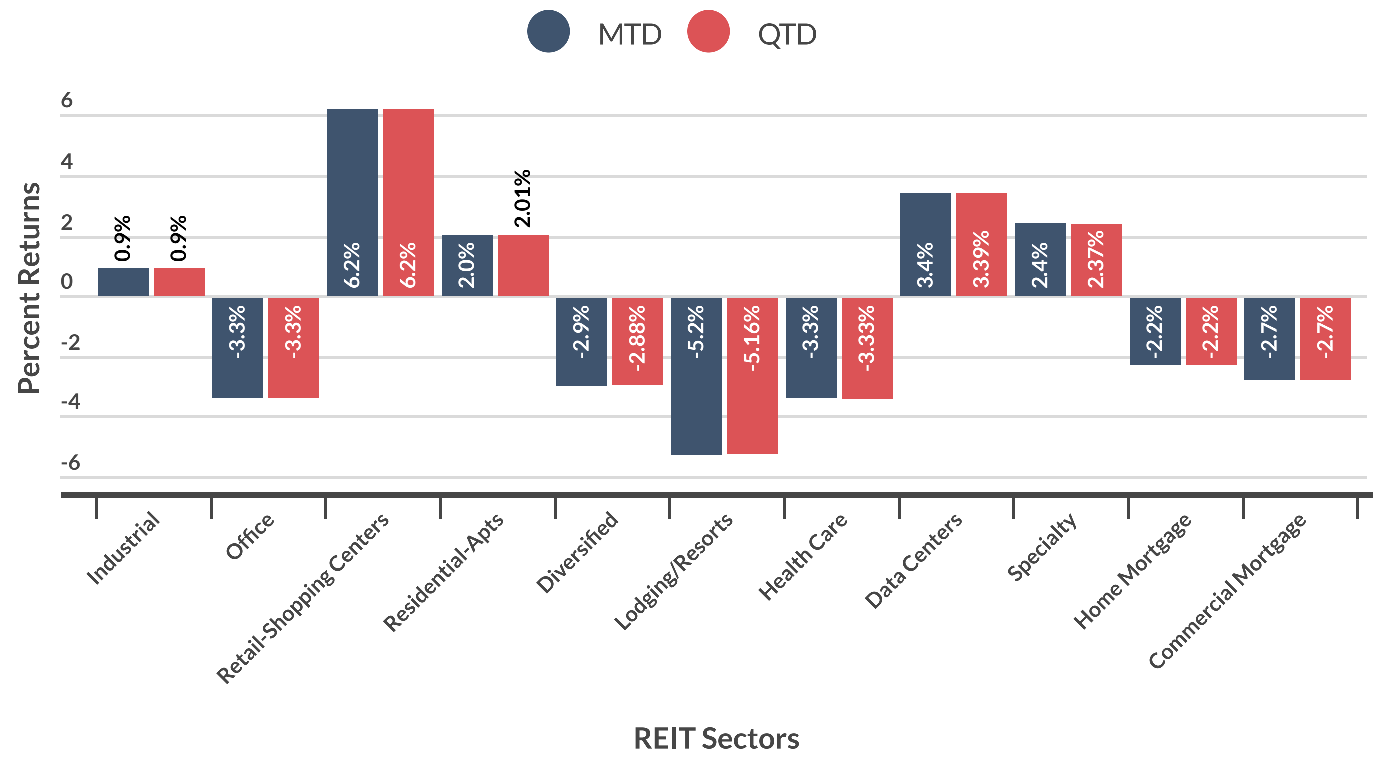
**Welcome to our monthly REITview newsletter** – where we analyze the latest national trends in real estate investment trusts (REITs) and their implications for investors and the Nevada real estate market. REITs own and often operate a pool of income-producing real estate assets. Investors can purchase a liquid stake in these portfolios – think of them as mutual funds for real estate.

While REITs are not the biggest players in Nevada's commercial real estate landscape, secondary markets like Las Vegas with above-average population and job growth are likely to attract REITs looking for value and growth opportunities.

The sectors listed below were selected because they include at least 10 REITs each (except for Data Centers, which includes five). They represent more than 95 percent of the 160 Financial Times Stock Exchange (FTSE) REITs currently being traded. It is important to examine both short-term and long-term returns to determine trends.

Equity REIT returns were essentially zero for January, on the whole, which is better than we can say for the Mortgage REIT sectors. Shopping Center REITs had an astonishingly good month, improving almost three percentage points over December. Apartment REITs improved on December by one percentage point and now have some of the strongest returns over the 10-year horizon at **8.46 percent**. The biggest laggards were Lodging/Resort REITs and the two mREIT sectors, all of which erased their December gains and then some. Commercial mREITs do have strong returns over five and ten years, though.

**January 2021 REIT Performance (as of January 29, 2021)**

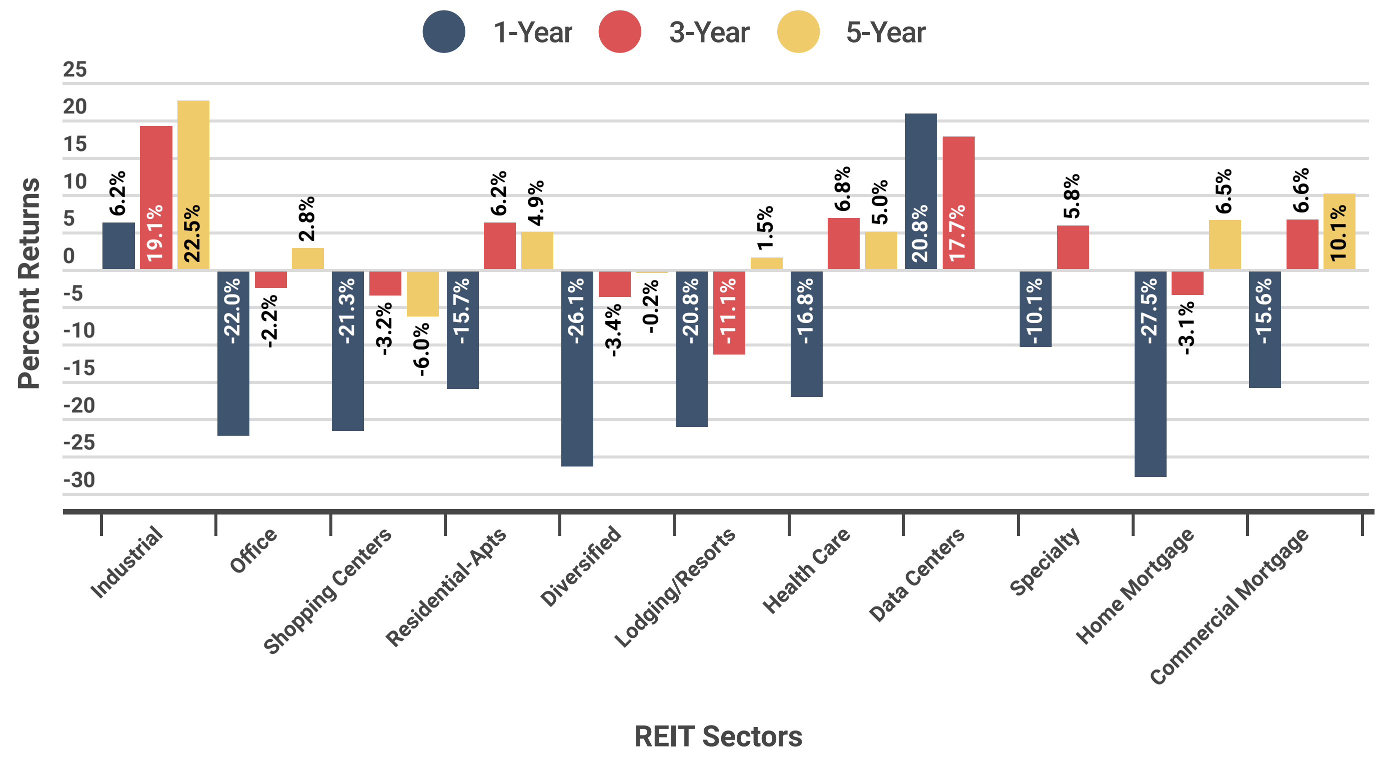



**What the experts are saying:**

- "Demand for industrial space in the 4th quarter of 2020, in contrast [to office space, for example], jumped to 84.4 million square feet, more than double the average quarterly pace during the first three quarters of the year. The increase in net absorption resulted in positive excess demand (i.e. net absorption minus completions) for the first time since the third quarter of 2018. … Office rents were 1.1% lower in the fourth quarter than one year earlier, and multifamily and retail rents were 0.3% and 0.4% lower, respectively. Industrial rent growth has decelerated to 3.6% over one year ago, from a 6% pace as recently as 2018."--Calvin Schnure, Nareit's Senior Economist, "Falling Demand for CRE Impacts Vacancies, Rents in Fourth Quarter"

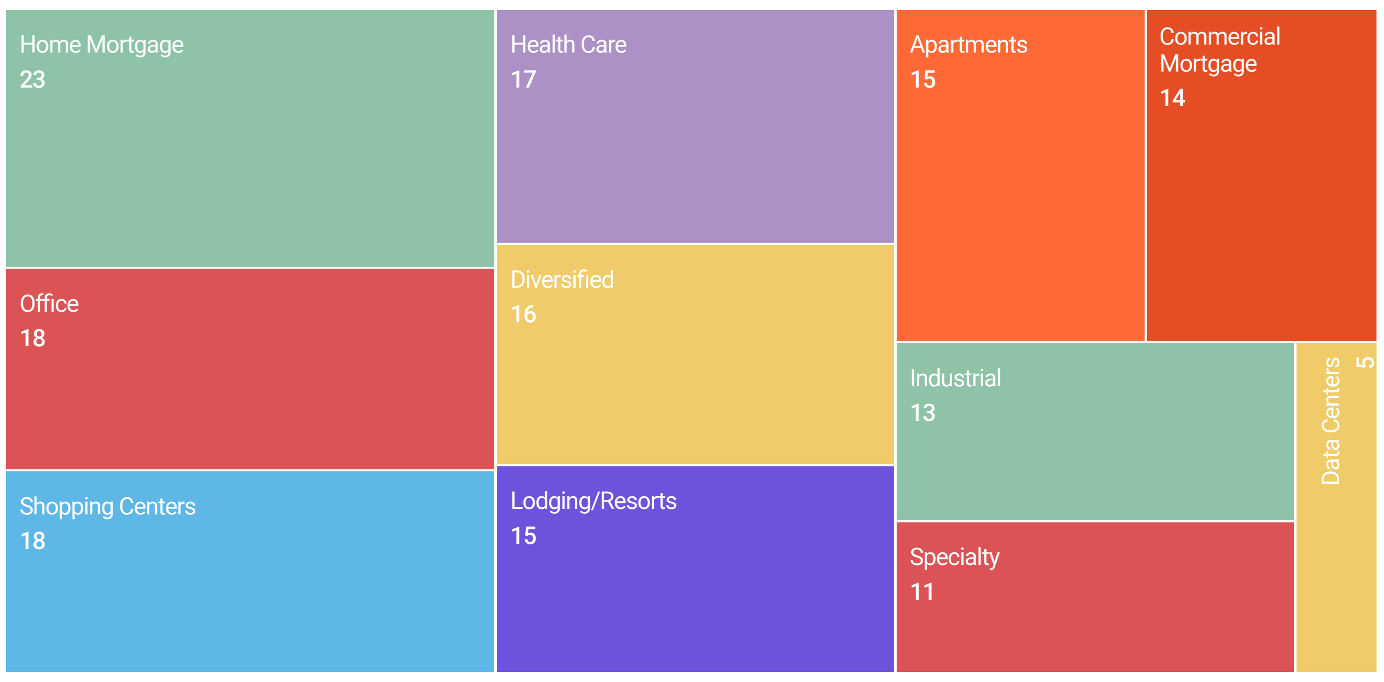
- "Growth in construction has been due entirely to a booming housing market, as strong demand and rising home prices have spurred housing starts. Commercial construction, in contrast, has slowed … [but] the slowing of commercial construction will reduce the supply of new commercial buildings over the next few years. Such a moderation in supply has helped commercial real estate markets recover from most downturns, and is likely to help lower vacancy rates, boost rent growth, and support commercial property prices as the economy recovers in the months and years ahead."--Calvin Schnure, Nareit's Senior Economist, "GDP Trends Show Risks, Opportunities Ahead"

**Compound Annual Total Returns (as of January 29, 2021)**




- "High-quality strip centers well positioned to weather both secular trends and COVID-19 pressure will thrive in the new normal of 2021, according to a new analysis by BTIG Research, which shows that the sector is still trading at a 27% discount to its REIT peer group. … And while e-commerce and omni-channel shopping will continue to be many consumers' preference, BTIG believes increased vaccine distribution will feed demand for experiential concepts and service-oriented retail during the second half of 2021. … The sector has seen a significant improvement in rent collections over the last few months, with BTIG reporting in October that levels are near 90%, up from a low of 49% in April and May."--GlobeSt.com, "Strip Center REITs Poised for Post-Pandemic Growth"

**Number of REITs Tracked**




Data Source: National Association of Real Estate Investment Trusts (NAREIT)