

April REITview

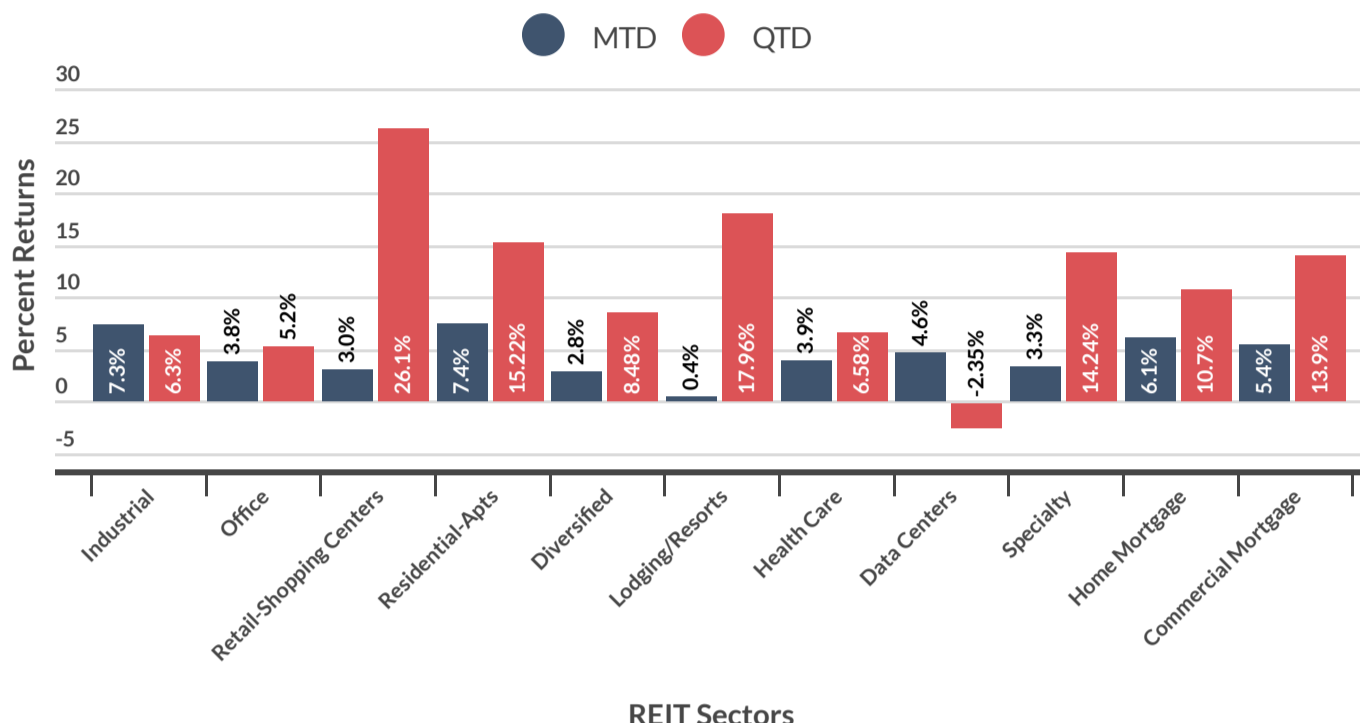
Welcome to our monthly REITview newsletter – where we analyze the latest national trends in real estate investment trusts (REITs) and their implications for investors and the Nevada real estate market. REITs own and often operate a pool of income-producing real estate assets. Investors can purchase a 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 157 Financial Times Stock Exchange (FTSE) REITs currently being traded. It is important to examine both short-term and long-term returns to determine trends.

Overall, the 157 FTSE REITs gained over **5.5 percent** in March and are now up **34.24 percent** over the trailing 12 months. The Lodging/Resorts sector plateaued last month after its meteoric February. Shopping Center REITs, on the other hand, continued their run, becoming the best-performing sector for the quarter. After having a rough two months, Industrial and Data Center REITs rebounded, posting monthly returns that exceed their quarter-to-date by one and six percentage points, respectively. The Industrial sector's March returns were only narrowly beat by the Residential--Apartments subsector which, together with Single Family Home REITs, made the Residential sector the second best-performing for the month.

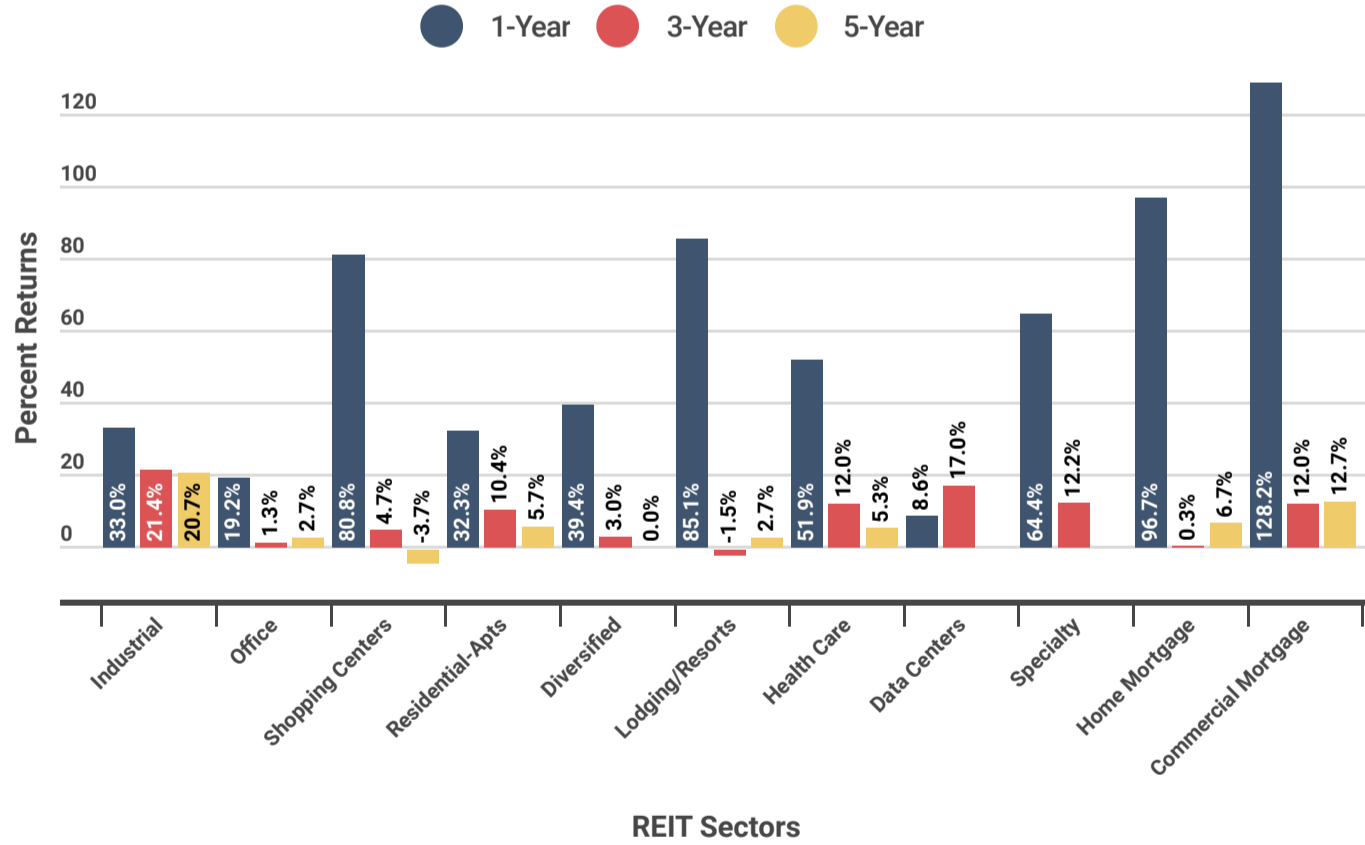
March 2021 REIT Performance (as of March 31, 2021)



What the experts are saying:

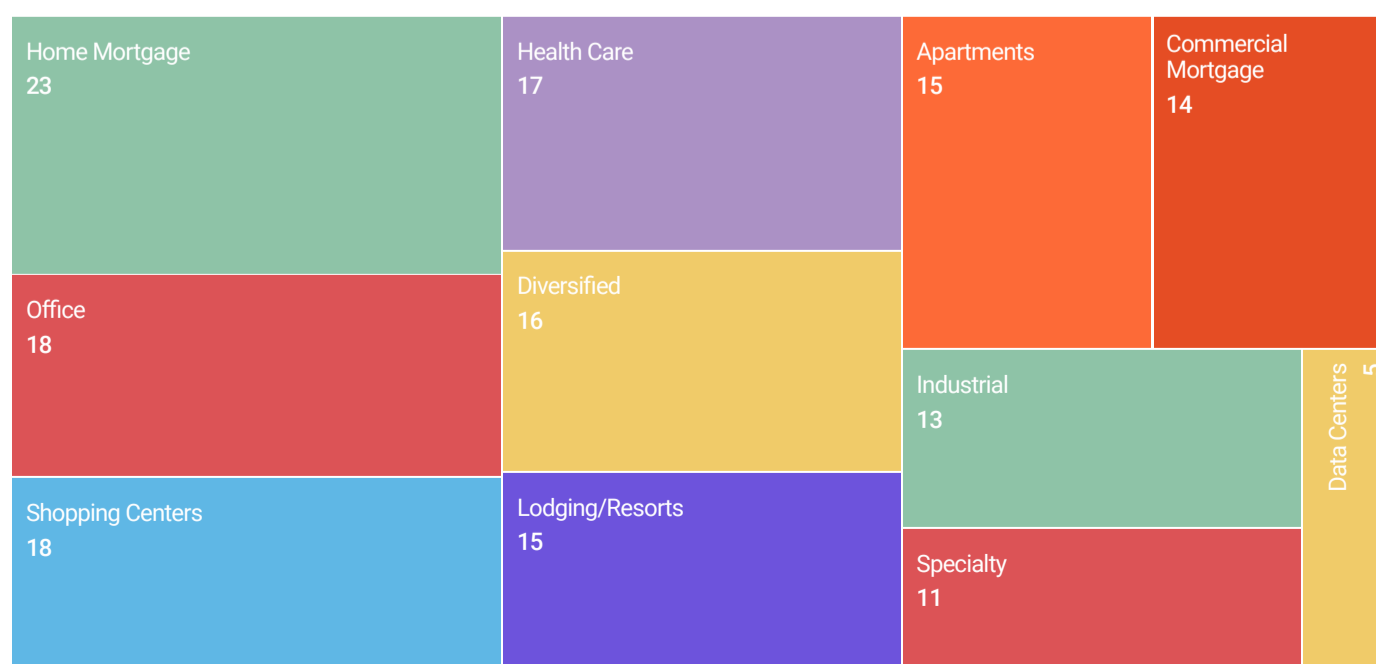
- "It is highly likely that by the second half of this year many types of activity, including shopping, travel, restaurants and entertainment, will be recovered more fully and perhaps even approaching pre-crisis levels. This will likely fuel a further recovery in real estate and REIT earnings, especially among the hardest-hit property sectors." -- "[A Rebound In Real Estate And REIT Earnings Is Already Underway](#)," *Forbes*, March 11, 2021
- "The e-commerce share has retreated over the past ten months, slipping back to 21.3% in December 2020 (the Commerce Bureau recently released figures through February 2021, which showed a slight uptick to 22.7%). The e-commerce share is currently 2.0 percentage points above its trend since 2014 –which, at the trend rate of 1.25 percentage points per year, represents about 18 months of growth. Rather than being the end of brick-and-mortar retail, the pandemic appears to have pulled forward the growth of online sales and store closures that might otherwise have occurred over the next year or two." -- Calvin Schnure, chief economist at NAREIT, "[Retail Rebound: Brick-and-Mortar Resilience](#)," March 25, 2021

Compound Annual Total Returns (as of March 31, 2021)



- "Thanks to the abrupt drop-off in economic activity and fears about the negative impact of longer-term shift toward remote working, REITs lost about 41.5% in the COVID-19 bear market in early 2020. For the full year [2020], the Morningstar US REIT TR Index had a correlation coefficient of 0.94 when measured against the broader equity market--the highest it's been since 2011. Over the past three years, REITs have also moved fairly closely in step with large-cap stocks, with a three-year correlation coefficient of 0.75. That makes REITs significantly less attractive from a diversification perspective. It's possible that correlations could trend back down, but it's unclear if and when that could happen." -- "[Why I'm Lukewarm on Real Estate](#)," *Morningstar*, March 8, 2021

Number of REITs Tracked



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