Contents

Foreword		xi
Preface		XV
Acknowled	gments	xix
About the Author		xxi
Part I A	n Introduction to REITs	1
Chapter 1	What Is a REIT?	3
	Size of the REIT Industry	4
	Categories of REITs	4
	Equity REITs	4
	Mortgage REITs	6
	Classification by Property Type	7 7
	Size and Index Inclusion	9
	Geographic Focus Growth Strategy	12
	Where to Find Information on REITs	15
	FTSE NAREIT All REITs Index	15
	Company-Specific Websites	15
	Indexes for Tracking REIT Performance	15
	Exchange-Traded Funds for Investing in REITs	17
Chapter 2	Why Invest in REITs?	19
	Double-Digit Total Returns	19
	Dividends	20
	Liquidity	20
	Portfolio Diversification	21
	Hedge Against Inflation	23
	Transparent Corporate Structures	25

Chapter 3	REIT Dividends	27
·	Rockland REIT	27
	REIT Yields	27
	Are REIT Yields Safe?	30
	Quantifying Dividend Safety	31
	Dividend/FFO Payout Ratio	31
	Debt Ultimately Determines Dividend Safety	32
	Debt-to-Total Market Capitalization Ratio	32
	Debt-to-Gross Book Value Ratio	32
	Legal Standing of Leases Supports	
	Dividend Safety	33
	REIT Dividends and Taxation	34
	REITs Do Not Pay Out All of Their Cash	
	in Dividends	35
	The Components of a REIT's Common Dividend	36
	REIT Dividends and the Bush Tay Cuts	39
	Preferred Stock Dividends	40
	Preferred Stock Basics	40
	Risks to Owning Preferred Shares	40
	Conclusion	42
Chapter 4	Leases	43
'	Lease Terminology	44
	The Four Major Types of Leases	48
	Leases and Tenant Bankruptcy	51
	FASP and the New Standard for Accounting	
	for Leases	52
	Lease Duration and REIT Stock Price	
	Performance	52
Chapter 5	REITs by Property Type	55
	Diversified and Specialized REITs	55
	REITs that use Triple-Net-Leases	56
	Risks and Rewards of REITs That Use	
	Triple-Net Leases	59
	Health-Care REITs	59
	Risks and Rewards of Health-care REITs	61
	Industrial REITs	62
	Risks and Rewards of Industrial REITs	63
	Lease Terms	63

	Conte	ents vii
	Lodging/Resort REITs	63
	Hotel Revenue	64
	Hotel Expenses	64
	Technical Aspects Specific to Hotel REITs	64
	Risks and Rewards of Hotel REITs	66
	Mortgage REITs	66
	Risks and Rewards of Mortgage REITs	69
	Office REITs	70
	Lease Terms	72
	Risks and Rewards of Office REITs	72
	Residential REITs	73
	Apartment REITs	73
	Manufactured Housing REITs	75
	Single-Family-Home REITs	76
	Retail REITs	77
	Shopping Center REITs	77
	Mall REITs	79
	Freestanding Retail REITs	80
	Risks and Rewards of Fetail REITs	81
	Self-Storage REITs	82
	Risks and Rewards of Self-Storage REITs	82
	Conclusion	83
Part II Ir	vesting in REITs	85
Chapter 6	Getting Technical	87
	REIT Structures	87
	UPREITs	88
	OP Units	89
	OP Units and Estate Planning	90
	DownREITs	91
	Publicly Traded, Public Nonlisted,	00
	and Private REITs	92
	Volatility versus Liquidity	92
	Transparency and Corporate Governance Costs and Fees	92 95
	Externally Advised and Externally Managed REIT Qualifying as a REIT	s 95 96
	REITs Are Not Limited Partnerships	96 98
	Nerts Are Not climited rattherships	70

Chapter 7	REIT Performance	99
·	Historical Total Returns	99
	Factors Influencing Demand for REIT Shares	101
	Events That Increased Demand for REIT Shares	102
	REITs versus the Attractiveness of Other	
	Investments (Lessons from History)	108
	Growth Stocks versus REITs, 1998–1999	108
	Treasury Yield versus REITs, 2004–2006	109
	Safety and Yield, and the Big League	
	of Benchmarks, 2000–2006	110
	REITs During the Financial Crisis of 2007–2008	111
	Company Attributes That Affect Performance	113
	Real Estate Fundamentals and REIT Performance	113
	Performance by Property Type	116
	How Lease Length and Structure Affect	
	REIT Returns	122
	Weighted Average Cost of Capital and REIT	407
	Performance	127
	Debt as a Four-Letter Word	127
	Competitive Advantage or Disadvantage—Why	127
	Cost of Capital Matters	12/
	REIT Performance in a Rising Interest Rate Environment	129
	Conclusion	131
	Conclusion	131
Chapter 8	Analyzing REITs	133
onaptor o	Operating Metrics	134
	Net Operating Income (NOI)	134
	Same-Store (Organic) Earnings	134
	'Earnings Growth' for REITs Is 'FFO Growth'	135
	Management's Track Record as a Screening Tool	136
	Profitability Metrics	137
	Funds from Operation	137
	Adjusted Funds from Operations (AFFO)	139
	Cash Available for Distribution (CAD)	140
	Balance Sheet Metrics and Analysis	140
	Leverage	140
	Debt-to-Total Market Capitalization Ratio	141
	Debt-to-Gross Book Value Ratio	142
	Debt-to-EBITDA Ratio	142
	Weighted Average Cost of Capital (WACC)	143

Contents	ix
Valuation Metrics	145
Price/Earnings Multiple	145
PEG Ratios	145
	146
	147
	147
	148
	149
Implied Capitalization Rate	158
	161
REITs Listed Alphabetically by Company Name	167
REITs Listed Alphabetically by Ticker Symbol	175
REITs by Sector	182
REITs with Credit katings	193
	199
	Price/Earnings Multiple PEG Ratios Dividend Yield Dividend Safety Dividend Coverage, or Payout Ratios Dividend Discount Model Net Asset Valuation (NAV) Implied Capitalization Rate REITs Listed Alphabetically by Company Name REITs Listed Alphabetically by Ticker Symbol REITs by Sector

http://www.phookshop.com