Historical return pattern of US REITS following periods of deeper valuation discounts
September 2023

- US REITS have on average traded close to net asset value (NAV), from a valuation perspective, over the last 32 years.
- Historically, investing in the US REIT market when share prices are at deeper discounts to NAV has produced attractive returns in the following 12 month, 24 month and 36 month periods thereafter.
- As of September 2023, the US REIT market is trading at a -20.1% discount to NAV, versus the historical average of a 1.9% premium to NAV.

12 month returns have averaged 7.91%
24 month cumulative returns have averaged 26.75%
36 month cumulative returns have averaged 44.01%

12 month returns have averaged 29.13%
24 month cumulative returns have averaged 62.45%
36 month cumulative returns have averaged 90.05%

Past performance is not a guarantee of future results. An investment cannot be made into an index. US REITs represented by FTSE NAREIT All Equity REITs Index, an unmanaged index considered representative of US REITs. Average cumulative returns are calculated using each sub-sector within the FTSE Nareit All Equity REITs Index, time periods were identified where the sector discount was either between -10% to -20% or -20% and below. Using the actual 12, 24- and 36-month returns following the discount, the overall return was then calculated using a simple average where the threshold was met. Source: FTSE and Bloomberg as of September 30, 2023.
Important Information

Investment risks
The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. Property and land can be difficult to sell, so investors may not be able to sell such investments when they want to. The value of property is generally a matter of an independent valuer’s opinion and may not be realized.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa. An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer’s credit rating.

Generally, real estate assets are illiquid in nature. Although certain kinds of investments are expected to generate current income, the return of capital and the realization of gains, if any, from an investment will often occur upon the partial or complete disposition of such investment.

Investing in real estate typically involves a moderate to high degree of risk. The possibility of partial or total loss of capital will exist.

REITs are pooled investment vehicles that trade like stocks and invest substantially all of their assets in real estate and may qualify for special tax considerations. REITs are subject to risks inherent in the direct ownership of real estate. A company’s failure to qualify as a REIT under federal tax law may have adverse consequences to the REIT’s shareholders. REITs may have expenses, including advisory and administration, and REIT shareholders will incur a proportionate share of the underlying expenses.

Important information
The opinions expressed are those of the author, are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals. Forward-looking statements are not guarantees of future results. They involve risks, uncertainties and assumptions, there can be no assurance that actual results will not differ materially from expectations. This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions if they are uncertain whether an investment is suitable for them.

Data as of September 2023, unless otherwise stated.

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