

**With an estimated market cap of US\$600bn and rising, global REIT market comes of age United States still dominates in market cap of public REITs but South Africa posted the best three-year returns**

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**NEW YORK AND SYDNEY, 30 OCTOBER 2006** – A report released today by Ernst & Young pegs the global market capitalization of Real Estate Investment Trusts (REITs) at more than US\$608 billion, and rising fast.

For investors looking for alternative real estate investments now that the housing market has cooled, opportunities are surfacing all over the world with some lesser known REIT markets such as South Africa producing average returns during the past three years of 34.2% – with the least amount of debt on its REIT assets of any country in the world.

Covering 13 separate countries across four world regions, the Ernst & Young report is quick to point out, however, that caution is required in evaluating REIT investment potential due to the lack, at least right now, of a standardized global method for calculating and reporting performance.

"Our aim in putting together this inaugural report was to compare -- as closely as possible -- the relative performance of various REIT vehicles around the world to provide the firm's clients with a global snapshot of this dynamic market. What we learned is that the REIT sector is well established in most major regions of the world and is fast becoming a significant factor in moulding world economies and investment choices," said Ed Psaltis, one of the main authors of the report and a partner in the real estate practice of Ernst & Young Australia.

Much of the new growth is being driven by rapidly expanding REIT markets in Australia, France, Japan, Canada, the Netherlands, Singapore and Hong Kong. The report anticipates further growth in global REIT market capitalization next year as these and other established markets continue to convert private portfolios to public ownership. New legislation creating REIT-like vehicles is underway in more countries including Germany and the United Kingdom.

"The rapidly increasing globalization of the real estate economy is nowhere more apparent than in the REIT sector," said Dale Anne Reiss, global leader of Ernst & Young's real estate practice. "With major REIT legislation pending in the UK and Germany, as well as other countries around the world, and the growth of established REIT markets spurring the emergence of global real estate securities funds and other vehicles, investors have never had such a broad palette of investment options from which to choose," she added.

Ernst & Young's Global REIT Report 2006, prepared by Ernst & Young Australia and released through the Ernst & Young Global Real Estate Center, analyzes relative returns and performance among thirteen established REIT markets using criteria such as market size and depth, total return over one- and three-year periods, balance sheet measures, income measures, and volatility. The countries examined in this year's report are: the United States; Canada; France; Belgium; the Netherlands; South Africa; Australia; New Zealand; Hong Kong; Japan; Malaysia; Singapore; and South Korea.

Among the key findings in the report:

- Among the 13 major REIT markets examined, the total number of public REITs is now 484 worldwide. Despite a recent and continued trend toward privatizing public REITs, the United States is the largest REIT market with 253 public REITs.
- The market capitalization of the 484 REITs tracked in the report totals US\$608 billion with the United States accounting for US\$395 billion. Including leverage (gearing), the value of the assets held by the 484 REITs totals in excess of US\$890 billion.
- A few of the world's lesser known and smaller REIT markets outperformed their more high profile peers. New Zealand's REIT market outperformed the rest of the world in terms of total rate of return in the last year with a 24.6% average rate of return among the country's six REITs.
- South Africa, home to just seven public REITs, was top performer in terms of total rate of return over a three year period (34%) and also performed strongly in the last year (23%). South Africa's REITs achieved these returns despite having the second lowest level of leverage among the 13 markets analyzed (16.7%).
- Hong Kong matched the much larger US market in terms of average volume of trade per listed REIT in the first nine months of 2006 with both countries' markets posting more than US\$2 billion in average trading volume per REIT.
- Japan was by far the largest Asian country in terms of total volume of REIT trading and ranked third overall with US\$20.2 billion in trading volume in the first nine months of 2006, ahead of more established REIT markets such as the Netherlands, Canada and France.
- The majority of REITs in Asia and EMEA are trading at a premium of 5.8% to 14.6% on their assets. Both South Korea and Malaysia have very low (or negative) premiums to net assets, making them two countries where significant opportunities exist in terms of potential for growth in capital invested.
- North America's REIT markets – the United States and Canada – traded at a significant higher 'beta' (ie were more volatile) than all other markets indicating that, in North America at least, REIT stocks react more in tandem with the broader equities market.

The report also surfaced a major challenge for the global REIT industry and for those analyzing REIT performance – financial comparability. Most notably, the thirteen countries examined in the report currently use several different accounting methods – from US Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS) and even local accounting practices, such as still used in New Zealand. These differing tax and regulatory requirements, says the report, makes it challenging to compare true financial performance.

As the REIT industry grapples with the issue of what constitutes a comparable earnings measure, Ernst & Young said in the report that it expects to further develop the report in future years to accommodate these changes and draw more direct comparisons between the financial performance of REITs around the world. About Ernst & Young

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