

U.S. REITs

BofA U.S. REIT Weekly

Price Objective Change

Mar 07 – Mar 14: RMZ down -1.9% vs. S&P -0.1%

Single Family (+0.5%) performed best this week; Comm. Infrastructure performed the worst (-3.5%). Per BofA's Client Flow Trends report, Real Estate fund flows was - \$191mn as of 3/4 with the 4-week average. of -\$80mn vs -\$142mn from the prior week.

Storage BAC spending declined -0.4% M/M (vs. -1% LTA)

Storage BAC card spending was down -0.4% M/M in February, slightly better than the historical average of -1.0% from 2015-2020. Storage card spending was also up +0.5% Y/Y, the first positive data point since April 2023. The Feb data hints at easing comps, but visibility on pricing power remains low. [See our latest Feb spending report.](#)

Feb retail sales were tepid; demand is not re-accelerating

Feb retail sales ex-autos rose by 0.3%, vs. consensus (+0.5%) and BofA (-0.1%). For the 2nd straight month, there were large downward revisions to the prior two months of data. The report suggests that the economy is not overheating. If anything, spending has softened a bit (see [US Watch report](#)). Meanwhile, retailers at BofA's Consumer Conference spoke to a resilient consumer. Participants did not point to any glaring negative data.

Yardi: Multifamily loan defaults remain relatively low

Per Yardi, \$150bn of MF loans is maturing by the end of 2025. Property values declined by 20-30% vs. the 2022 peak. Loan defaults remain relatively low but have risen slightly. The delinquency rate for GSE loans is around 0.4% vs. 0.1% before rates rose. Distress is likely to be higher in value-add properties with aggressive rent growth assumptions at low yields and/or financed with short-term debt in 2020 to early 2022. See more inside.

Senate hearing: MH is a solution to affordable housing

We tuned into the Senate hearing on housing affordability on Tuesday. The main topic was rural and affordable housing. Interestingly, manufactured housing was brought up as a solution to affordable housing needs. HUD recently announced a new program to fund infrastructure improvements for MH communities. We will continue to watch this to see what this means for new MH development, which has been limited for many years. Otherwise, there was nothing really discussed on SFR and market rate apartments.

We are hosting our annual West Coast Tour next week

We are hosting our West Coast (Los Angeles and San Francisco) multi-sector tour on March 18-21. Additionally, we are hosting (1) our 2-day NYC Retail REIT CEO summit on March 26-27 and (2) our NYC Deep Dive Tour on May 6-7. Contact your BofA salesperson to register.

BofA's May ICSC Agenda is out; register your interest

Save the dates for May 19-21. We have put together a solid agenda of meetings with public and private Retail companies and our annual dinner with 6 Retail REIT CFOs. Contact your salesperson to register interest for our meetings and/or the CFO dinner.

Inside: Must-read research, sector News, Spector's top picks, estimate and PO changes.

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15 March 2024

Equity
United States
REITs

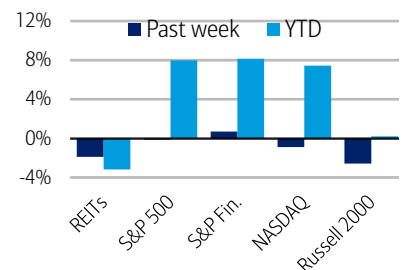
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Exhibit 1: REITs vs. Equity Indices¹

RMZ down -1.9%



Source: Factset, BofA Global Research, priced as of 03/14/24

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Exhibit 2: PO Change

Updated published estimates and PO after review of models

Ticker	Old PO	New PO
SPG	\$167.00	\$178.00

Source: BofA Global Research; priced as of 03/14/24
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See Exhibit 3 for key terms spelled out and full company names. See the section starting with Exhibit 7 for PO/estimate changes, QRQ codes.

See the [BofA on USA](#) report for methodology, limitations, and disclaimers related to BAC aggregated credit and debit card data.

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Our must-read research & news this week

Apartments

Yardi: Multifamily loan defaults remain relatively low

According to Yardi, \$150bn of multifamily (MF) loans is set to mature by the end of 2025. Looking at loan maturities by lender type, we note that the largest volume through the end of 2025 will come from the GSEs with \$47.4bn, followed by banks (\$46.5bn) and debt funds (\$33.3bn). Metropolitan areas with the largest volume of maturities and/or the most loans maturing as a percentage of stock include Atlanta, Dallas, Denver, Houston, and Chicago. MF property values declined by 20-30% vs. the 2022 peak. Loan defaults remain relatively low but have risen slightly. The delinquency rate for GSE loans is around 0.4%, up from 0.1% before rates rose. Opportunistic deals have been slow to come about, as the first choice for most property owners and lenders is to avoid defaults by negotiating extensions. Distress is likely to be higher in value-add properties acquired with aggressive rent growth assumptions at low yields and/or financed with short-term debt in 2020 to early 2022.

Retail

BofA Consumer Conference highlights

BofA hosted its annual consumer and retail conference this week, which had a consistent tone that the consumer remains resilient. Conference participants did not point to any glaring negative data. Messaging was similar across presenting companies, which echoed themes of limited trade-downs, tailwinds from inflation moderating, less relative pressure on lower-income consumers, and no cracks in the higher-income consumer. Across companies, there was a consistent emphasis on profitability. Day 1 notable commentary included comments from Wayfair, which mentioned that housing recovery, interest rate reversal, and the normalization of goods vs. services set the home furnishing category up well for a return. The company also noted its view that the category will always have a substantial portion offline, so it sees no reason to cede share by not exploring physical store presence. Bath & Body Works mentioned that it continues to shift to more off-mall formats (more than half are off-mall) toward its goal of two-thirds.

Storage

Storage BAC spending declined -0.4% M/M (vs. -1% long-term average)

February Storage spending, according to BAC aggregated debit and credit card data, across the U.S., declined -0.4% M/M in February. This is slightly better than the historical average of -1.0% from 2015 to 2020. Storage card spending was also up +0.5% Y/Y, the first positive data point since April 2023. Although February 2024's +0.5% Y/Y growth may be well below the historical average from 2015 to 2020 (+10.4%), the data hints at easing comps moving forward. The 12-month average for February 2022-23 Y/Y is at +11.2% vs. -0.7% from February 2023-24 Y/Y. As a reminder, we look at BAC card spending as a directional indicator rather than a direct proxy for REITs' rental rates. Visibility on pricing power remains low. See the latest [BofA on USA report](#) for methodology, limitations, and disclaimer related to BAC card data. [See also our February card spend report for our latest thoughts on the sector.](#)

Key terms

Exhibit 3: Key terms

Key terms used throughout the report

Term	Meaning
AFFO	Adjusted Funds From Operations
ABR	Annual base rent
AI	Artificial Intelligence
Apt	Apartment
BAC	Bank of America Corporation
bp	basis points



Exhibit 3: Key terms

Key terms used throughout the report

Term	Meaning
B/S	balance sheet
Capex	Capital expenditure
CBRE	Coldwell Banker Richard Ellis
Comm. Infra.	Communication Infrastructure
c/sh	Cents per share
CRE	commercial real estate
DE	Delaware
est	Estimates
FFO	funds from operations
FOMC	Federal Open Market Committee
FL	Florida
GSE	Government Sponsored Enterprises
HUD	United States Department of Housing and Urban Development
ICSC	International Council of Shopping Centers
IG	Investment Grad
JV	Joint Venture
K	Thousand
LA	Los Angeles
LIRR	Long Island Railroad
LTA	Long-term average
M/M	Month over Month
MF	Multifamily
Mgmt	Management
MH	Manufactured Housing
MTM	Mark to market
Nareit	National Association of Real Estate Investment Trusts
NAV	Net Asset Value
NOI	Net Operating Income
NYC	New York City
PA	Pennsylvania
PEGY	Price-to-earnings divided by earnings growth + forward dividend yield
PO	Price Objective
Ppts	percentage points
Q/Q	Quarter over Quarter
QTD	Quarter To Date
RE	Real estate
Rev	Revenue
Resi	Residential
SE	Southeast
SF	square feet
SG&A	Selling, General and Administrative Expenses
SH	Senior housing
SNF	Skilled nursing facility
SoCal	Southern California
St	Street
STEM	Science, technology, engineering and mathematics
SS	Same Store
Telco	telecommunication
WC	West Coast
vs.	versus
YA	Year ahead
Y/Y	Year over Year
YTD	Year To Date
AMH	American Homes 4 Rent
ESRT	Empire State Realty Trust
KIM	Kimco Realty Corporation
PLD	Prologis, Inc.
SPG	Simon Property Group Inc
WELL	Welltower

Source: BofA Global Research

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BofA U.S. REIT team events calendar

Exhibit 4: BofA U.S. REIT Team Hosted Events

List of upcoming REIT events

Date	Event	Location	Sector
Mar 18-21, 2024	Annual West Coast Tour Please join us for this annual multi-sector event. The tour will focus on life science, residential and office sectors in Los Angeles and another California market.	Los Angeles	Multi-Sector
Mar 26-27, 2024	Annual NYC Retail REIT Executive Summit Our 3rd annual NYC Retail REIT Executive Summit will cover all key aspects of retail real estate, including each REITs' strategy and positioning for future growth. We will meet with CEOs and their executive teams from AKR, BRX, FRT, KIM, KRG, PECO, SKT, UE, JLL, and Raider Hill Advisors.	New York City	Retail
Apr 15-16, 2024	Virtual 1x1 meeting w/ Big Byte => insights into Apartments, SFR & Storage Josh Dennerlein is hosting virtual 1x1s with Shahzeb Zakaria, founder of Big Byte Insights on April 15 & 16, 2024. Big Byte Insights' products provide daily updates on pricing trends for multifamily, single family rentals, storage and retail. It also provides sentiment analysis for company filings and earnings calls.	Virtual Zoom Meeting	Multi-Sector
May 6-7, 2024	Annual NYC Deep Dive The BofA REIT team will host our annual two-day multi-sector deep dive into the NYC commercial real estate market following 1Q earnings season. The itinerary includes tours of the largest development projects reshaping the skyline across key submarkets. It will also include REIT HQ visits and meetings with private landlords, brokers and others. New York City is the largest single market for US REIT portfolio exposure. This two-day event will provide attendees with a wide range of perspectives on current market conditions and tenant plans to determine how the stocks will perform for the rest of 2024 and beyond. We hope you can join us for the most comprehensive NYC commercial real estate event on the Street.	New York City	Multi-Sector
May 19-21, 2024	May ICSC Meetings and CFO Dinner Join us for this year's May ICSC from May 19-21st in Las Vegas. We have put together an exciting lineup of events over the three days which includes a Sunday dinner and immersive show at The Sphere, our annual Retail REIT CFO Dinner, and corporate group meetings. Please contact your BofA salesperson to register your interest and for the agenda.	Las Vegas	Retail
June 3, 2024	Dinner with AvalonBay Communities BofA will be hosting a dinner with the AvalonBay Communities management team to kick off Nareit REITweek. Please contact your BofA sales person for more information.	New York City	Residential
Sept 9-12, 2024	BofA's Global Real Estate Week 2024 Mark your calendar for BofA's 2024 Global Real Estate Conference Week Sept 9-12. We will kick things off on Sept 9th with a tour and opening evening reception. All events will be in-person. The Global Real Estate Conference week will consist of dinners with corporates, property tours, three days of thematic panel discussions, plus company presentations, 1x1s, and small group meetings.	New York City	Multi-Sector

Source: BofA Global Research

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Spector's Top REIT picks & sector weightings

Exhibit 5: Spector's Top REIT Picks & Sector Weightings

AMH, ESRT, KIM, PLD and WELL are on Spector's Top Picks list

Spector's REIT Top Picks

Recommended Strategy:

We continue to recommend quality within REITs, which includes quality growth and quality value. That said, with BofA calling for a soft landing / mild deceleration in the U.S., we are also recommending quality risk. In real estate, quality starts with strong and flexible balance sheets. With tight lending conditions expected to persist for some time, we are not recommending REITs with weak balance sheets. We continue to believe higher-quality REITs will offer the best earnings and distribution growth. Quality REITs have the following attributes: 1) resilient pricing power; 2) multi-year earnings visibility based on secular drivers of growth; 3) strong and flexible balance sheets; & 4) highest prospect for global inflows resulting in relatively steadier asset values / cap rates despite higher rates.

Sector Weightings within REITs*

Overweight	Healthcare, Industrial & Retail
Equalweight	Residential & Self Storage
Underweight	Office & Triple Nets

Top Picks in the U.S. REIT Sector

AMH (B-1-7, \$42.00 PO)

High quality single family rental REIT portfolio with a development platform

AMH owns the second largest single family rental REIT portfolio in the US. We remain positive on AMH's portfolio, limited new supply of single-family homes, structural demographic tailwinds with aging millennials, accretive consolidation/development opportunities, and a strong management. Elevated mortgage rates are also a benefit to single family rental REITs like AMH. We expect demand for single family rentals to remain robust as homeownership becomes less attractive on a relative basis. We also like AMH's for its ability to provide external growth via its development platform.

ESRT (C-1-7, \$11.00 PO)

NYC focused portfolio with low leverage and improving operations

ESRT owns and operates a NYC-focused portfolio. We believe the Midtown NYC market is seeing the most benefit from return to office mandates and demand for well-located modernized buildings. ESRT has one of the best balance sheets in Office with no floating rate debt. Key catalysts include strength in leasing driving occupancy gains and improving observatory income.

KIM (B-1-7, \$24.00 PO)

National Strip REIT with track record for external growth and strong management

KIM is the largest Strip REIT focused primarily on grocery-anchored shopping centers in major markets. KIM has a track record for executing larger portfolio acquisitions that is accretive to earnings, including Weingarten in 2021 and more recently RPT in 2023. We believe there will be upside to earnings from growing RPT's occupancy to KIM's levels, marking leases to market, and realizing the spread in RPT's signed-not-opened lease pipeline. We favor KIM based on its scale, strong management team, and ability to take advantage of transaction market dislocation given its strong balance sheet. KIM has low leverage, minimal floating rate debt exposure, and strong cash position bolstered by its investment in Albertsons which KIM expects to monetize. KIM also screens in the Top 10 REITs with the most attractive 2024 PEG and PEGY. Lastly, we value KIM for its mixed-use development pipeline, including ~\$130M to \$210M additional value from land entitled for multifamily development.

PLD (B-1-7, \$148.00 PO)

Premier global industrial REIT with attractive growth outlook driven by resilient pricing power and development platform

PLD operates the largest global industrial portfolio and property fund business in the most active port and distribution markets in the Americas, Europe and Asia. PLD has the strongest balance sheet in the sector and is well-positioned to benefit from long-term secular growth drivers such as e-commerce demand and the continued pick up in US manufacturing. We expect PLD will continue to generate sector leading SS NOI growth of +8% as it maintains strong pricing power given low availability and its markets screen with stronger rent growth prospects versus peers. Key catalysts include improving economic outlook, higher-than-expected development NOI from early stabilizations, potential upside from external growth opportunities if pricing stabilizes in 2024.

WELL (B-1-7, \$129.00 PO)

Healthcare REIT focused on senior housing - benefits from cyclical (COVID recovery), secular (aging demographics) and alpha (operating platform rollout)

WELL owns and develops health care facilities across senior housing, skilled nursing/post-acute & medical office buildings. Near term, we believe WELL will benefit the most from accelerating occupancy gains as senior housing recovers from the COVID-19 pandemic. In addition, we believe senior housing rate growth will remain robust in 2024 & beyond. WELL has the highest exposure to senior housing operating assets within our coverage universe and based on our demographic analysis has the best positioned portfolio. Longer term, demographic trends are favorable as baby boomers continue to age. Supply growth will likely be muted for a few years given the pandemic's impact on financing / private market valuations. We remain positive on WELL's external growth outlook and are modeling in the strongest earnings growth within Healthcare. WELL earnings growth also benefits from the roll out of its operating platform which should drive outperformance versus peers.

Source: BofA Global Research

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Referenced BofA reports

Exhibit 6: Key BofA Global Research reports

Please see below for linked report

Sector	Report title & link
Cold Storage	Cold storage employment tracker
General	U.S. REITs valuation comp sheet
Healthcare	BofA healthcare REIT employment tracker
Net Lease	Net Lease 4Q23 earnings recap
Residential	BofA's jobless claims tracker – a real time snapshot on the state of Resi demand
Self Storage	Feb spending down -0.4% vs. Jan, slightly better than historic trends

Source: BofA Global Research

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PO & estimate changes

Exhibit 7: Summary of PO Changes

Updated published estimates after review of models

Ticker	Old PO	New PO	QRQ	Current Price
SPG	\$167.00	\$178.00	B-1-7	\$149.36

Source: BofA Global Research; priced as of 03/14/2024

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Exhibit 8: Summary of estimate changes

Updated published estimates after review of models

Ticker	2024		2025		2026		2027	
	Old	New	Old	New	Old	New	Old	New
SPG	\$12.26	\$12.15	\$12.74	\$12.57	\$13.12	\$13.02	\$13.31	\$13.21

Source: BofA Global Research.

Note: This table shows estimate changes >5%

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Retail

SPG (B-1-7): After reviewing our estimates and valuation, we raise our price objective for SPG to \$178 from \$167. Our PO trades at a 15% premium (10% prior) to our updated forward NAV estimate given signs of continued progress towards densification efforts and a more positive view of management's ability to execute on this following a strong presentation at a competitor's conference. We derive our NAV estimate by applying a 7.0% cap rate (unchanged) to our forward NOI estimate. Our cap rate is based on our view of interest rates and current market/transaction comps. See above for updates to our estimates.

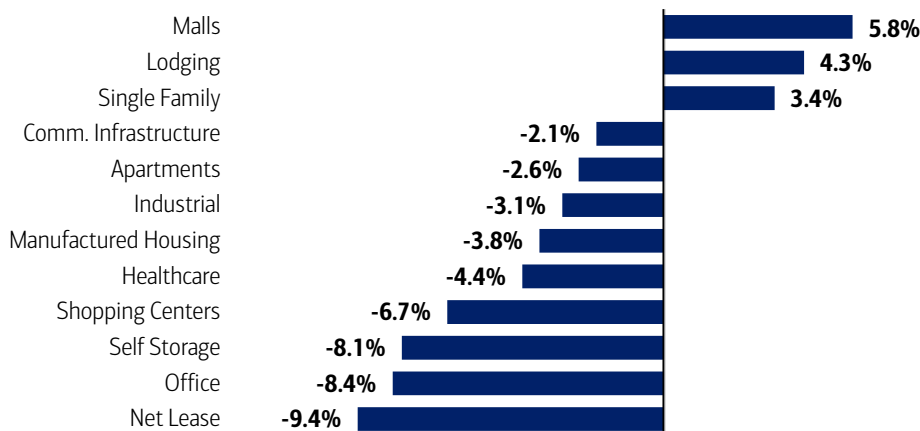


YTD performance vs. historical

Year to date performance

Exhibit 9: Subsectors total returns YTD

Malls and Lodging have the highest total returns YTD

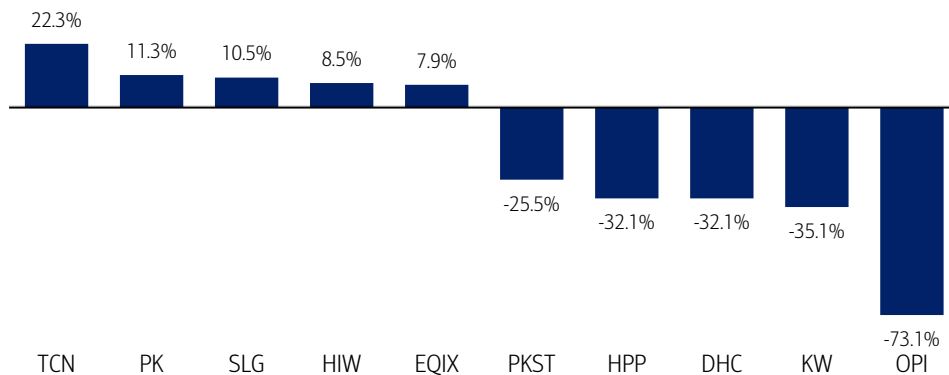


Source: Factset, BofA Global Research, priced as of 03/14/24

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Exhibit 10: Top and bottom stocks YTD

TCN and PK lead the total returns for REIT stocks YTD



Source: Factset, BofA Global Research, priced as of 03/14/24

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Historical total rates of return

Exhibit 11: REITs vs. the broader market

REIT returns vs. that of the broader market indices

Index	Index price	Last Week	Last Month	Last 3 months	year-to-date	last 12 months	last 3 years	last 5 years
REITs	1,209.11	-1.9%	2.3%	-2.9%	-3.2%	4.8%	-2.3%	0.2%
S&P 500	5,150.48	-0.1%	4.0%	9.1%	8.0%	31.4%	30.6%	83.4%
NASDAQ	16,128.53	-0.9%	3.0%	8.9%	7.4%	41.1%	21.1%	111.4%
Russell 2000	2,031.18	-2.6%	3.4%	2.3%	0.2%	14.3%	-13.7%	31.1%
S&P Small Cap 600	1,281.50	-2.3%	1.3%	-0.7%	-2.8%	9.9%	-8.3%	35.4%
S&P Mid Cap 600	2,926.30	-1.4%	5.8%	6.6%	5.2%	19.4%	10.6%	54.6%
S&P Utility Index	319.33	-0.4%	5.0%	-0.9%	-0.8%	-4.5%	1.4%	8.6%

Source: Factset, BofA Global Research, priced as of 03/14/24. REIT returns are price only - not total return

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Exhibit 12: Historical total rates of return

Historical total returns for REITs vs. the broader market

Index	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD	Average
RMZ (i)	-38.0%	28.6%	28.5%	8.7%	17.8%	2.5%	30.4%	2.5%	8.6%	5.1%	-4.6%	25.8%	-11.1%	38.8%	-27.3%	9.0%	-3.2%	10.7%
S&P 500	-37.0%	23.5%	12.8%	0.0%	12.9%	26.9%	11.4%	-0.7%	9.5%	19.4%	-6.2%	28.9%	16.3%	26.9%	-19.4%	24.2%	8.0%	9.9%
NASDAQ	-40.5%	43.9%	16.9%	-1.8%	14.9%	34.4%	13.4%	5.7%	7.5%	28.2%	-3.9%	35.2%	43.6%	21.4%	-33.1%	43.4%	7.4%	13.9%
Russell 2000	-34.8%	25.2%	25.3%	-5.5%	11.2%	32.5%	3.5%	-5.7%	19.5%	13.1%	-12.2%	23.7%	18.4%	13.7%	-21.6%	15.1%	0.2%	8.6%
Russell 2000 Value Index	-35.9%	17.7%	22.2%	-7.5%	11.9%	28.0%	2.1%	-9.4%	28.9%	5.8%	-14.6%	19.7%	2.4%	26.3%	-16.3%	11.9%	-3.3%	8.8%
S&P Small Cap 600	-31.1%	23.8%	25.0%	-0.2%	11.4%	35.5%	4.4%	-3.4%	24.7%	11.7%	-9.8%	20.9%	9.6%	25.3%	-17.4%	13.9%	-2.8%	10.3%
S&P Mid Cap 400	-36.2%	35.0%	24.9%	-3.1%	14.2%	27.8%	8.2%	-3.7%	18.7%	14.5%	-12.5%	24.1%	11.8%	23.2%	-14.5%	14.4%	5.2%	9.2%
S&P Utility Index	-29.0%	6.8%	0.9%	14.8%	-2.7%	7.5%	24.3%	-8.4%	12.2%	8.3%	0.5%	22.2%	-2.8%	14.0%	-1.4%	-10.2%	-0.8%	6.6%

Source: Factset, BofA Global Research; (i) Morgan Stanley REIT Index - ticker RMS; priced as of 03/14/24

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Exhibit 13: Estimated sub-sector total rates of return

Single Family had the highest total return last week

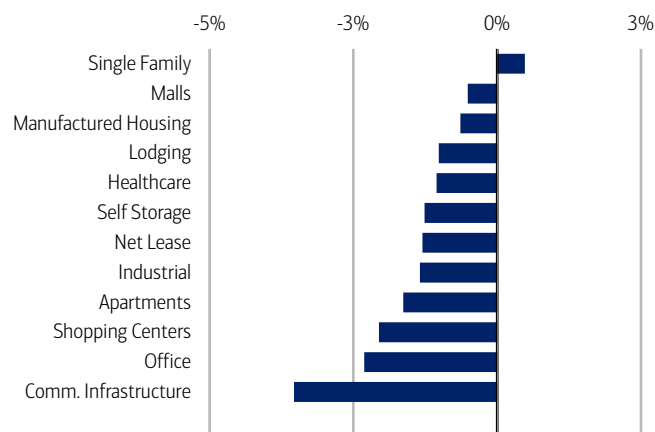
	Last Week	Last Month	Last 3 months	Year-to-date	Last 12 months	Last 3 years	Last 5 years
Single Family	0.5%	7.2%	4.3%	3.4%	20.1%	21.2%	66.2%
Malls	-0.5%	4.9%	4.6%	5.8%	43.7%	52.4%	7.6%
Manufactured Housing	-0.6%	2.6%	-4.1%	-3.8%	-0.3%	2.1%	27.6%
Lodging	-1.0%	6.7%	7.4%	4.3%	29.0%	8.2%	2.2%
Healthcare	-1.1%	3.5%	-4.5%	-4.4%	6.5%	-11.7%	-1.9%
Self Storage	-1.3%	2.9%	-3.8%	-8.1%	-0.9%	28.5%	61.8%
Net Lease	-1.3%	0.7%	-7.8%	-9.4%	-11.8%	0.7%	0.7%
Industrial	-1.3%	-0.5%	-3.4%	-3.1%	8.8%	27.6%	83.4%
Apartments	-1.6%	5.5%	-1.7%	-2.6%	1.5%	-4.3%	7.4%
Shopping Centers	-2.1%	-1.5%	-8.2%	-6.7%	7.4%	10.2%	17.4%
Office	-2.3%	2.0%	-10.2%	-8.4%	18.6%	-38.4%	-43.6%
Comm. Infrastructure	-3.5%	4.0%	-0.4%	-2.1%	7.9%	3.0%	34.8%
ALL REITS	-1.9%	2.8%	-2.7%	-3.6%	6.8%	3.9%	14.7%

Source: FactSet and BofA Global Research; Note: sector performance estimates are approximate based on stocks currently in the Morgan Stanley REIT index weighted by market capitalization; however, our market weights may differ from those in the index due to differences in share counts; priced as of 03/14/24

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Exhibit 14: Sub-sector total returns (past week)ⁱ

Single Family performed the best

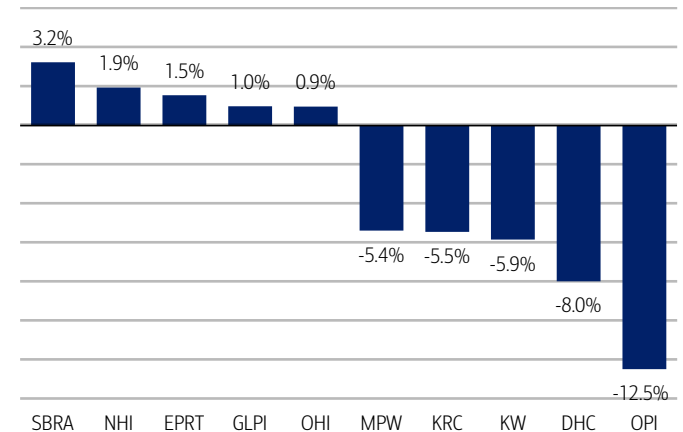


Source: Factset, BofA Global Research, priced as of 03/14/24

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Exhibit 15: Top and bottom stocks (past week)

Sabra (SBRA) performed best



Source: Factset, BofA Global Research, priced as of 03/14/24

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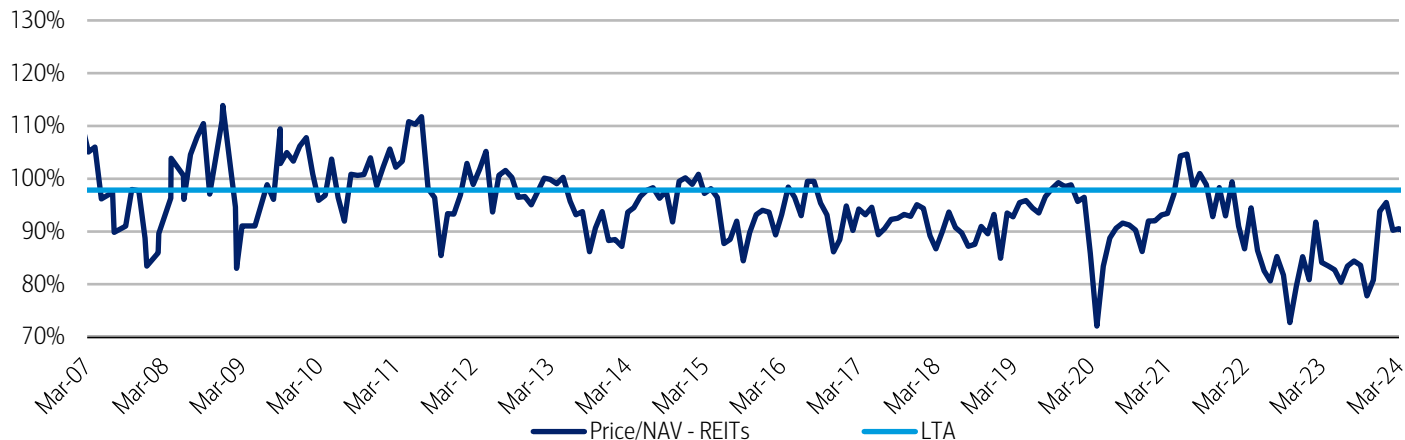
Valuation highlights and REIT distribution rate comparisons

As of the March 14th close, REITs traded at 90% of NAV, above their long-term average of 98%. REITs traded at an adjusted funds from operations (AFFO) multiple of 19.7x vs. the long-term average of 17.2x. The distribution rate for REITs is 4.05%, -24bp below the 10-year Treasury yield (4.30%) and -169bp below BAA Corp Bond yield. The distribution rate spread versus the S&P 500 dividend yield is +272bp (4.05% versus 1.33%), below the spread's long-term average of +321bp.

Price to net asset value (NAV)

Exhibit 16: Total REITs – historical price to NAV

As of March 14, REITs traded at 90% of NAV, below their LTA of 98%



Source: FactSet and BofA Global Research

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Exhibit 17: Market cap-weighted price to NAV for selected real estate sectors

Historical price to NAV for REIT sub sectors from 1999 to 2024 YTD

	Total REITs	Apartments	Shopping Centers	Regional Malls	Office ⁽¹⁾	Industrial	Self Storage
Dec-99	78%	85%	67%	75%	76%	80%	79%
Dec-00	90%	97%	92%	78%	97%	97%	79%
Dec-01	97%	105%	114%	95%	97%	92%	104%
Dec-02	98%	91%	109%	110%	87%	98%	99%
Dec-03	119%	111%	121%	133%	112%	119%	113%
Dec-04	114%	112%	118%	114%	111%	122%	113%
Dec-05	101%	100%	106%	101%	99%	101%	108%
Dec-06	108%	107%	114%	102%	107%	114%	108%
Dec-07	83%	78%	87%	81%	75%	98%	90%
Dec-08	114%	108%	115%	94%	114%	113%	150%
Dec-09	106%	107%	105%	106%	104%	109%	108%
Dec-10	99%	102%	96%	101%	96%	102%	103%
Dec-11	93%	92%	90%	95%	90%	91%	105%
Dec-12	95%	89%	98%	97%	94%	97%	101%
Dec-13	88%	84%	94%	85%	92%	92%	88%
Mar-14	94%	93%	98%	89%	98%	99%	96%
Jun-14	98%	97%	99%	95%	101%	100%	98%
Sep-14	98%	98%	100%	96%	99%	97%	97%
Dec-14	100%	99%	101%	101%	100%	102%	99%
Mar-15	97%	95%	102%	95%	98%	94%	98%
Jun-15	88%	90%	89%	85%	86%	84%	92%
Sep-15	84%	86%	84%	84%	79%	81%	94%
Dec-15	94%	97%	98%	86%	91%	94%	105%
Mar-16	93%	92%	97%	88%	87%	86%	102%
Jun-16	93%	90%	98%	87%	91%	96%	100%
Sep-16	95%	94%	96%	93%	96%	101%	91%
Dec-16	88%	90%	89%	84%	89%	92%	90%



Exhibit 17: Market cap-weighted price to NAV for selected real estate sectors

Historical price to NAV for REIT sub sectors from 1999 to 2024 YTD

	Total REITs	Apartments	Shopping Centers	Regional Malls	Office ⁽¹⁾	Industrial	Self Storage
Mar-17	94%	98%	90%	87%	96%	85%	97%
Jun-17	89%	91%	84%	81%	90%	95%	94%
Sep-17	93%	93%	87%	78%	89%	103%	96%
Dec-17	95%	91%	87%	89%	92%	102%	100%
Mar-18	87%	81%	85%	83%	83%	92%	93%
Jun-18	91%	86%	81%	85%	89%	100%	98%
Sep-18	88%	91%	94%	94%	90%	101%	91%
Dec-18	93%	93%	93%	91%	87%	105%	93%
Mar-19	93%	95%	95%	86%	89%	99%	92%
Jun-19	94%	96%	90%	86%	89%	105%	98%
Sep-19	98%	101%	91%	81%	89%	113%	108%
Dec-19	99%	98%	97%	87%	94%	117%	94%
Mar-20	86%	89%	80%	76%	82%	90%	92%
Jun-20	89%	80%	88%	90%	85%	104%	90%
Sep-20	91%	83%	86%	80%	83%	104%	95%
Dec-20	92%	94%	87%	89%	89%	98%	89%
Mar-21	93%	96%	91%	94%	89%	95%	96%
Jun-21	105%	107%	100%	107%	99%	110%	106%
Sep-21	99%	100%	84%	86%	92%	107%	102%
Dec-21	93%	92%	85%	79%	84%	105%	94%
Mar-22	87%	86%	86%	79%	84%	90%	89%
Jun-22	83%	83%	83%	71%	77%	85%	87%
Sep-22	82%	80%	83%	78%	71%	86%	86%
Dec-22	85%	91%	88%	91%	78%	85%	77%
Mar-23	84%	85%	84%	87%	70%	90%	80%
Jun-23	80%	82%	74%	76%	67%	84%	81%
Sep-23	84%	82%	81%	84%	85%	84%	85%
Dec-23	94%	100%	90%	98%	93%	84%	93%
Mar-24	90%	89%	85%	98%	81%	89%	95%

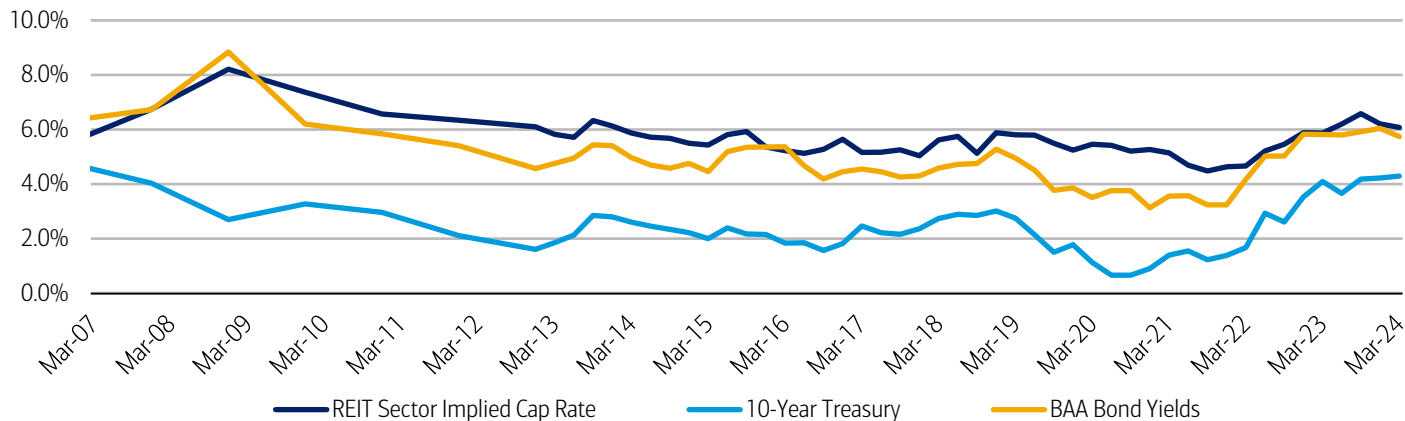
Source: FactSet and BofA Global Research. Note: (1) Price/NAV's for Aug-96 through Jun-02 are for the office/industrial sector

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Current cap rate is 6.1%, 10-year yield is 4.30%, and the current BAA yield is 5.74%. The current spread between cap rates and the 10-year yield is +178 bp vs. the historical average of +320 bp.

Implied cap rate analysis**Exhibit 18: REIT Implied Cap Rates**

Historical REIT Implied Cap Rates vs. U.S. 10-year Treasury and BAA Bond Yields; implied cap rates continue to compress over the long term



Source: Factset and BofA Global Research

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Exhibit 19: REIT implied cap rates

Historical REITs implied cap rates from 2004 to 2024 YTD

	Total REITs	Apartments	Shopping Centers	Regional Malls	Office	Industrial	Self Storage
Dec-04	6.8%	6.1%	6.6%	6.3%	7.1%	5.9%	6.6%
Dec-05	6.4%	5.7%	6.4%	6.2%	6.7%	6.5%	5.4%
Dec-06	5.6%	5.3%	5.8%	5.9%	5.5%	6.1%	5.9%
Dec-07	6.7%	6.7%	6.8%	6.6%	6.7%	6.5%	7.3%
Dec-08	8.2%	7.9%	8.5%	8.6%	8.3%	8.9%	7.3%
Dec-09	7.4%	6.5%	8.2%	7.7%	7.3%	7.7%	7.6%
Dec-10	6.6%	5.4%	7.5%	7.1%	6.6%	7.2%	6.6%
Dec-11	6.3%	5.4%	7.3%	6.3%	6.7%	7.1%	5.7%
Dec-12	6.1%	5.6%	6.8%	5.9%	6.3%	6.5%	5.7%
Mar-13	5.8%	5.4%	6.5%	5.7%	5.7%	6.1%	5.5%
Jun-13	5.7%	5.3%	6.4%	5.8%	6.0%	6.2%	5.5%
Sep-13	6.3%	5.8%	7.1%	6.2%	6.4%	6.8%	5.8%
Dec-13	6.1%	5.8%	6.8%	5.8%	6.1%	6.5%	5.7%
Mar-14	5.9%	5.5%	6.5%	5.9%	6.0%	6.1%	5.4%
Jun-14	5.7%	5.3%	6.3%	5.5%	5.8%	6.0%	5.3%
Sep-14	5.7%	5.1%	6.3%	5.5%	5.8%	6.1%	5.3%
Dec-14	5.5%	5.1%	6.1%	5.3%	5.5%	5.9%	5.2%
Mar-15	5.4%	4.9%	5.9%	5.3%	5.4%	6.0%	5.1%
Jun-15	5.8%	5.1%	6.4%	5.7%	5.9%	6.5%	5.4%
Sep-15	5.9%	5.2%	6.6%	5.7%	6.3%	6.7%	5.2%
Dec-15	5.4%	4.8%	6.0%	5.5%	5.7%	6.0%	4.6%
Mar-16	5.2%	5.0%	5.8%	5.3%	6.0%	6.5%	4.5%
Jun-16	5.1%	5.1%	5.8%	5.4%	5.8%	5.8%	4.6%
Sep-16	5.3%	5.0%	5.7%	5.2%	5.5%	5.4%	5.1%
Dec-16	5.6%	5.3%	6.0%	5.6%	5.8%	5.8%	5.6%
Mar-17	5.2%	4.9%	6.0%	5.5%	5.4%	5.7%	5.1%
Jun-17	5.2%	4.8%	6.5%	5.9%	5.7%	4.9%	5.6%
Sep-17	5.3%	4.9%	6.2%	6.1%	5.8%	5.0%	5.5%
Dec-17	5.0%	4.9%	6.2%	6.0%	5.1%	5.1%	5.3%
Mar-18	5.6%	5.5%	6.7%	6.1%	6.1%	6.0%	5.6%
Jun-18	5.7%	5.3%	6.8%	6.0%	5.8%	5.0%	5.3%
Sep-18	5.1%	5.1%	6.3%	5.7%	5.8%	5.1%	5.5%
Dec-18	5.9%	4.9%	6.3%	5.7%	6.1%	5.1%	5.3%
Mar-19	5.8%	4.8%	6.0%	6.0%	6.0%	5.0%	5.5%
Jun-19	5.8%	4.7%	6.0%	6.3%	5.9%	5.0%	5.1%
Sep-19	5.5%	4.5%	5.9%	6.5%	5.6%	4.4%	4.6%
Dec-19	5.2%	4.5%	5.7%	6.5%	5.6%	5.2%	5.4%
Mar-20	5.5%	4.9%	6.3%	7.2%	6.0%	4.9%	5.4%
Jun-20	5.4%	5.3%	6.4%	8.0%	6.3%	4.4%	5.3%
Sep-20	5.2%	5.4%	6.3%	8.1%	6.5%	4.1%	5.0%
Dec-20	5.3%	4.9%	6.7%	7.4%	6.2%	4.3%	5.0%
Mar-21	5.1%	4.4%	6.3%	7.1%	6.0%	4.3%	4.8%
Jun-21	4.7%	3.9%	5.9%	6.6%	5.8%	3.8%	4.2%
Sep-21	4.5%	4.0%	5.9%	6.8%	5.7%	3.6%	3.8%
Dec-21	4.6%	4.1%	6.2%	6.8%	6.1%	3.4%	4.1%
Mar-22	4.7%	4.4%	6.1%	6.8%	5.6%	3.7%	4.1%
Jun-22	5.2%	4.9%	7.9%	7.7%	6.5%	4.2%	4.5%
Sep-22	5.5%	5.4%	6.7%	8.1%	7.2%	4.3%	4.6%
Dec-22	5.9%	6.1%	6.6%	7.6%	8.0%	4.8%	5.5%
Mar-23	5.9%	6.3%	6.7%	7.8%	8.3%	4.6%	5.3%
Jun-23	6.2%	6.4%	7.5%	8.5%	8.8%	4.9%	5.8%
Sep-23	6.6%	6.3%	7.0%	7.9%	7.9%	4.8%	5.8%
Dec-23	6.2%	6.7%	6.8%	7.4%	8.0%	5.2%	6.2%
Mar-24	6.1%	6.4%	7.0%	6.8%	8.3%	4.8%	5.7%

Source: Factset and BofA Global Research

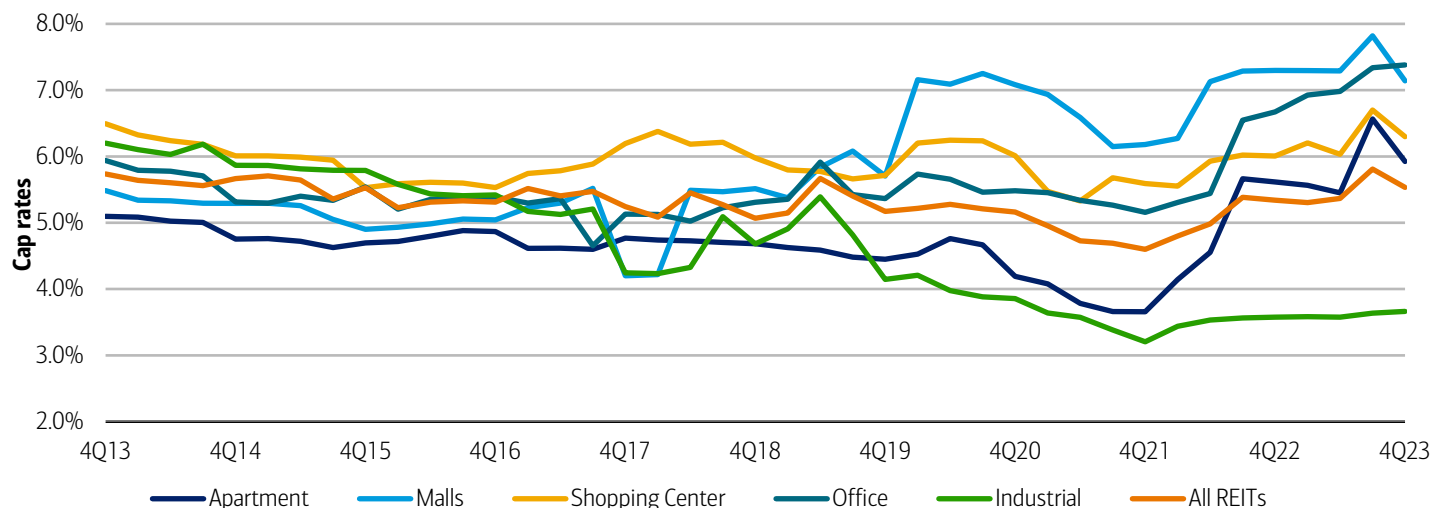
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BofA cap rate trends by sector

Exhibit 20: Historical BofA market-weighted sector average applied cap rates

Mall applied cap rates expanded and Industrial cap rates contracted over the three years



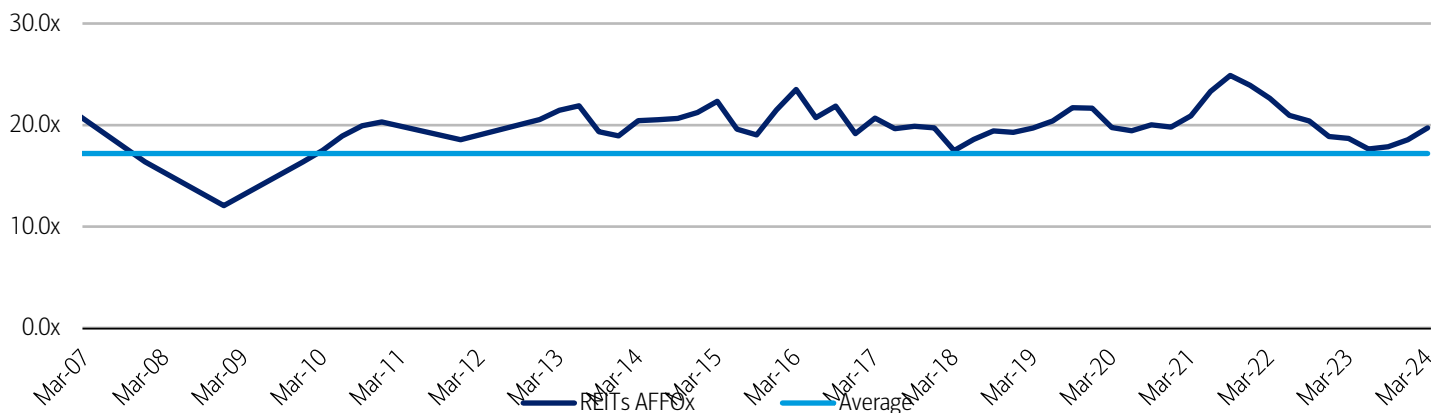
Source: FactSet, BofA Global Research

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Price to AFFO

Exhibit 21: Price to AFFO (rolling twelve months)

As of March 14th close, REITs traded at AFFOx of 19.7x vs. LTA of 17.2x



Source: FactSet and BofA Global Research

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Exhibit 22: Price to AFFO (rolling twelve months)

Historical REIT AFFOx for 2002 to 2024 YTD

	All REITs	Apartment	Health Care	Industrial	Office	Malls	Shopping Centers	Self Storage	Comm. Infrastructure	Manufactured Homes
Dec-02	9.9x	11.9x	10.7x	10.0x	6.8x	9.7x	8.0x	10.2x	NA	5.8x
Dec-03	12.7x	14.2x	14.1x	14.1x	9.7x	12.6x	10.9x	15.1x	NA	13.1x
Dec-04	14.7x	17.2x	15.4x	16.2x	11.3x	14.9x	14.4x	15.7x	5.3x	9.8x
Dec-05	16.6x	20.0x	14.4x	16.0x	13.6x	17.2x	15.0x	17.4x	6.4x	13.0x
Dec-06	21.8x	24.3x	16.1x	17.1x	24.6x	21.5x	19.4x	23.5x	10.8x	14.0x
Dec-07	16.4x	17.3x	16.0x	14.5x	18.9x	16.4x	14.5x	17.8x	12.9x	12.8x
Dec-08	12.1x	13.3x	11.5x	10.4x	12.2x	8.7x	11.6x	14.9x	11.3x	10.8x
Dec-09	16.4x	20.0x	15.4x	19.8x	17.8x	12.9x	14.2x	16.9x	17.0x	15.4x
Mar-10	17.5x	20.7x	14.9x	23.0x	17.6x	15.6x	17.2x	18.4x	20.3x	16.6x
Jun-10	18.9x	23.5x	15.4x	21.6x	19.8x	16.4x	17.2x	19.4x	21.6x	16.4x



Exhibit 22: Price to AFFO (rolling twelve months)

Historical REIT AFFOx for 2002 to 2024 YTD

	All REITs	Apartment	Health Care	Industrial	Office	Malls	Shopping Centers	Self Storage	Comm. Infrastructure	Manufactured Homes
Sep-10	19.9x	25.6x	17.1x	23.9x	19.6x	18.0x	17.7x	21.0x	19.9x	17.0x
Dec-10	20.3x	26.7x	15.9x	27.2x	20.3x	18.7x	18.2x	18.9x	16.8x	17.4x
Dec-11	18.6x	20.7x	14.1x	21.7x	18.4x	18.9x	18.9x	20.8x	16.3x	15.0x
Dec-12	20.5x	20.7x	17.4x	27.2x	22.1x	21.0x	21.1x	20.8x	16.5x	13.9x
Mar-13	21.5x	20.7x	19.3x	30.3x	22.6x	21.2x	22.4x	21.6x	18.4x	15.7x
Jun-13	21.9x	21.8x	18.7x	32.1x	24.2x	21.9x	21.5x	21.8x	15.6x	16.5x
Sep-13	19.3x	18.8x	15.9x	27.8x	22.8x	18.4x	19.2x	20.7x	13.6x	15.1x
Dec-13	18.9x	18.4x	14.2x	28.8x	21.5x	18.7x	19.6x	19.7x	11.5x	14.3x
Mar-14	20.4x	20.5x	14.9x	31.1x	24.6x	19.7x	18.5x	21.3x	13.3x	15.6x
Jun-14	20.5x	21.6x	15.8x	28.2x	24.4x	20.7x	19.3x	21.7x	13.3x	16.7x
Sep-14	20.7x	22.5x	15.7x	26.6x	24.7x	20.8x	19.4x	21.5x	15.8x	17.4x
Dec-14	21.2x	22.9x	16.8x	24.8x	26.3x	21.8x	19.8x	22.2x	16.8x	18.2x
Mar-15	22.3x	23.9x	16.8x	25.1x	27.0x	23.2x	23.2x	23.3x	17.0x	20.5x
Jun-15	19.6x	21.0x	14.1x	21.1x	24.2x	19.9x	20.2x	21.0x	15.9x	19.3x
Sep-15	19.0x	20.6x	13.5x	18.9x	23.0x	19.1x	19.5x	22.6x	14.7x	19.6x
Dec-15	21.5x	24.3x	13.5x	23.0x	25.4x	19.9x	22.5x	26.3x	NA	21.3x
Mar-16	23.5x	22.3x	14.0x	20.1x	NA	20.4x	22.7x	26.2x	16.4x	22.7x
Jun-16	20.7x	22.3x	15.3x	23.7x	21.5x	19.3x	23.0x	25.7x	19.5x	22.7x
Sep-16	21.9x	22.5x	16.7x	26.2x	26.0x	20.8x	24.1x	22.2x	20.0x	23.5x
Dec-16	19.2x	20.7x	14.3x	24.6x	22.3x	17.7x	20.7x	19.3x	16.8x	20.5x
Mar-17	20.7x	22.5x	16.2x	23.8x	24.8x	18.0x	21.3x	21.2x	21.0x	23.0x
Jun-17	19.7x	22.9x	16.4x	24.8x	21.9x	15.3x	18.8x	19.7x	20.4x	23.5x
Sep-17	19.9x	23.0x	16.5x	27.1x	22.0x	14.7x	19.2x	19.5x	20.3x	24.2x
Dec-17	19.7x	22.0x	15.8x	25.7x	22.3x	15.9x	19.2x	20.2x	20.0x	23.7x
Mar-18	17.5x	19.5x	12.6x	21.6x	20.5x	15.1x	16.7x	18.7x	16.2x	21.8x
Jun-18	18.6x	20.7x	14.0x	23.2x	22.0x	14.7x	17.1x	20.3x	17.3x	23.7x
Sep-18	19.4x	21.9x	15.7x	21.0x	22.9x	16.0x	18.6x	20.0x	19.4x	24.4x
Dec-18	19.3x	22.6x	17.1x	22.1x	21.4x	15.7x	18.3x	20.8x	16.0x	24.5x
Mar-19	19.7x	23.3x	17.3x	22.1x	21.7x	15.2x	18.7x	20.8x	16.3x	27.0x
Jun-19	20.4x	23.4x	18.3x	22.6x	22.7x	13.8x	19.1x	22.3x	17.2x	29.1x
Sep-19	21.7x	25.0x	20.0x	24.9x	22.4x	12.9x	18.8x	25.2x	18.0x	32.3x
Dec-19	21.7x	24.4x	18.8x	26.0x	24.0x	13.1x	20.4x	21.3x	17.1x	34.7x
Mar-20	19.7x	22.3x	17.3x	23.3x	20.3x	11.2x	17.8x	20.6x	17.9x	31.9x
Jun-20	19.4x	19.5x	17.4x	25.4x	17.1x	7.5x	15.1x	20.8x	22.0x	29.6x
Sep-20	20.0x	19.2x	16.1x	27.2x	16.8x	7.5x	14.7x	21.5x	23.4x	31.6x
Dec-20	19.8x	21.6x	17.2x	25.6x	18.3x	10.0x	17.0x	21.3x	20.1x	27.2x
Mar-21	20.9x	25.1x	18.7x	24.4x	19.5x	12.7x	22.2x	22.2x	20.3x	28.2x
Jun-21	23.3x	27.9x	21.3x	28.0x	21.4x	14.6x	23.0x	25.0x	21.4x	30.6x
Sep-21	24.9x	29.8x	21.6x	30.9x	21.9x	13.8x	21.6x	27.5x	22.8x	35.4x
Dec-21	23.9x	28.2x	19.1x	32.5x	20.1x	13.9x	19.4x	25.7x	24.6x	30.0x
Mar-22	22.6x	26.7x	19.5x	29.0x	20.3x	12.2x	21.4x	24.9x	22.6x	27.8x
Jun-22	21.0x	22.9x	19.9x	24.6x	17.9x	9.8x	18.8x	20.8x	24.1x	25.8x
Sep-22	20.4x	21.4x	17.5x	25.1x	14.2x	8.8x	16.7x	22.6x	23.1x	24.4x
Dec-22	18.9x	18.3x	18.6x	21.8x	12.1x	10.3x	17.7x	19.0x	21.1x	23.5x
Mar-23	18.7x	17.3x	18.0x	24.5x	11.4x	10.2x	17.0x	18.5x	19.5x	23.6x
Jun-23	17.7x	17.4x	17.1x	23.2x	10.3x	9.4x	15.3x	16.6x	18.3x	21.6x
Sep-23	17.9x	17.6x	17.7x	22.9x	12.3x	10.5x	16.8x	16.8x	18.7x	21.9x
Dec-23	18.6x	16.5x	18.6x	23.5x	12.5x	11.7x	17.2x	17.5x	20.5x	24.2x
Mar-24	19.7x	18.1x	20.8x	26.0x	12.0x	13.5x	17.0x	18.7x	21.0x	24.1x

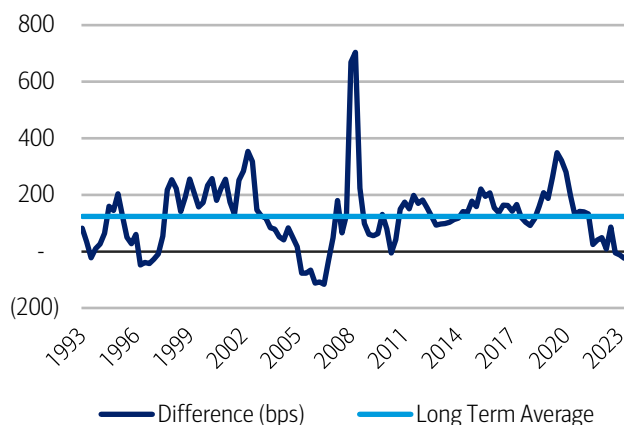
Source: Factset and BofA Global Research

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REIT distribution rate analysis

Exhibit 23: REIT Distribution rate vs. 10-year Treasury Yield

As of March 14, distribution rate for REITs is -24 bps below 10-year Treasury Yield

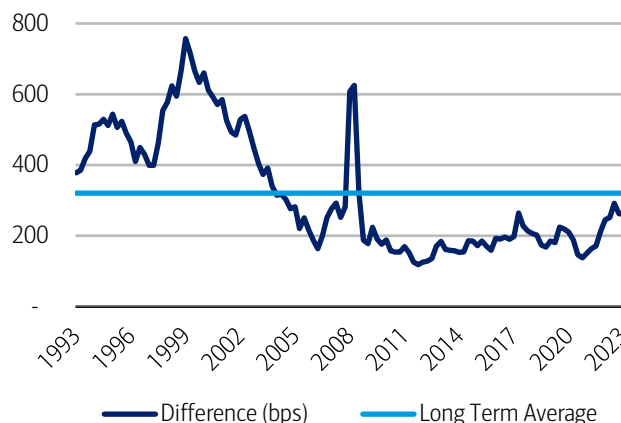


Source: FactSet, Bloomberg and BofA Global Research

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Exhibit 24: REIT Distribution rate vs. S&P 500 Yield

As of March 14, distribution rate for REITs is +272 bps above S&P 500 yield

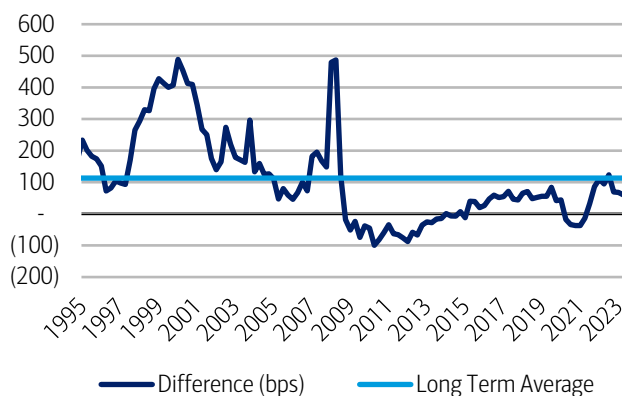


Source: FactSet, Bloomberg and BofA Global Research

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Exhibit 25: REIT Distribution rate vs. S&P Utility Yield

As of March 14, distribution rate for REITs is +60 bps above S&P 500 utility yield

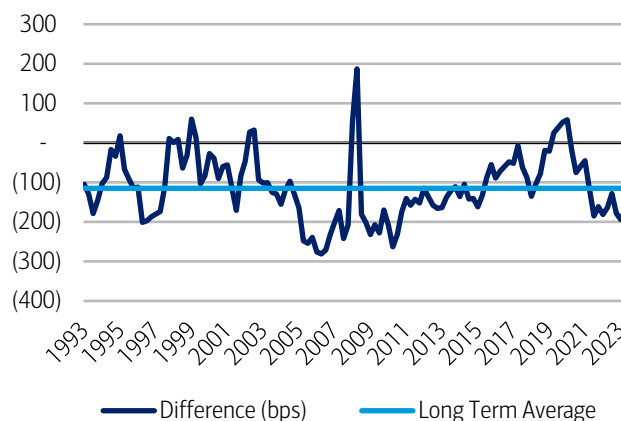


Source: FactSet, Bloomberg and BofA Global Research

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Exhibit 26: REIT Distribution rate vs. US Corp BAA Yield

As of March 14, distribution rate for REITs is -169 bps below US Corp BAA yield



Source: FactSet, Bloomberg and BofA Global Research

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Exhibit 27: Historical Yield Spreads (average: 1993 – present)

Historical spreads of REIT distribution rate vs. 10-year, S&P 500 dividend yield, S&P Utility yield and US Corp BAA yield

	Current	Average	Min	Max
REIT Distribution Rate vs 10YR	-24	124	-116	704
REIT Distribution Rate vs S&P 500 Dividend Yield	272	321	109	757
REIT Distribution Rate vs S&P Utility Yield	60	113	-99	489
REIT Distribution Rate vs US Corp BAA Yield	-169	-115	-281	187

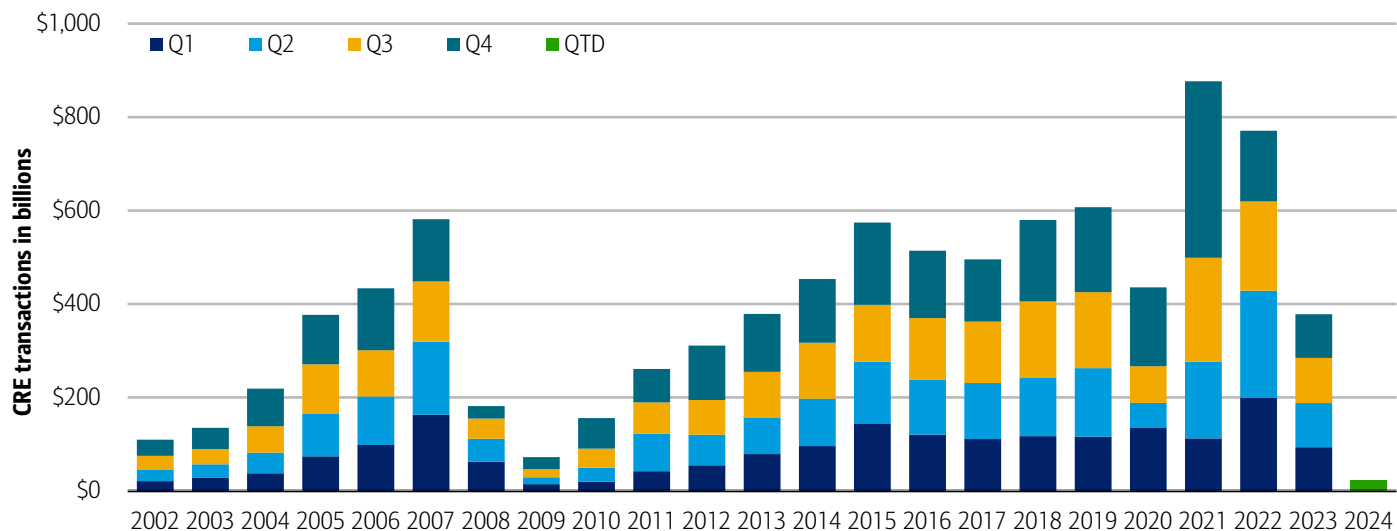
Source: FactSet, Bloomberg and BofA Global Research. The distribution rate may include non-income items, such as return of principal or loans proceeds or borrowing

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Capital and transaction flows

Exhibit 28: Commercial real estate (CRE) transactions (\$bn)

Overall transactions for January 2024 totaled to \$23bn



Source: Real Capital Analytics, BofA Global Research; Note: Updated as of January '24 data; Properties and portfolios \$2.5 million and greater; Prior to 2005, RCA primarily captured sales valued at \$5M and above
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Exhibit 29: Companies Mentioned

These are the REITs mentioned in this report

Ticker	PO	Rating	QRQ	Price
AMH	42.00	BUY	B-1-7	\$36.32
ESRT	11.00	BUY	C-1-7	\$9.63
KIM	24.00	BUY	B-1-7	\$18.80
PLD	148.00	BUY	B-1-7	\$130.75
SPG	178.00	BUY	B-1-7	\$149.36
WELL	129.00	BUY	B-1-7	\$91.70

Source: BofA Global Research, prices as of 3/14/2024

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Relative within REITs, we view each REIT sector (i.e., office, apartments, retail, etc.) as either overweight (will outperform the RMZ rate of change in a twelve-month period), underweight (will underperform the RMZ rate of change in a twelve month period), or equal weight (will be in line with RMZ rate of change over a twelve month period). The MSCI US REIT Index (RMZ) is a free float market capitalization weighted index that is comprised of Equity REIT securities that belong to the MSCI US Investable Market 2500 Index. The MSCI US REIT Index includes only REIT securities that are of reasonable size in terms of full and free float-adjusted market capitalization. MSCI began calculating the index on June 26, 2005. The AMEX had previously been calculating the index with a base level of 200, as of December 30, 1994.

Price objective basis & risk

American Homes 4 Rent (AMH)

Our \$42 PO for AMH trades in line with our forward NAV estimate. We now apply a 5.0% cap rate to our forward stabilized NOI estimate. We use 5.0% cap rate based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of AMH. Upside and downside risks to our PO are: inability to obtain financing for further acquisitions, acquisition pace of homes faster/slower than expected, home price appreciation faster/slower than expected (impacting the number of homes that can be acquired), transaction cap rates in its markets are higher/lower



than what we're applying in the NAV, and stabilized NOI generated from its homes is higher/lower than expected.

Empire State Realty Trust (ESRT)

Our price objective of \$11 for ESRT is a -10% discount to our forward NAV estimate. This discount reflects uncertainty over net effective rent growth and cap rates in Manhattan, return of tourism to NYC, and NYC office asset values. We apply a blended 8.2% cap rate to our forward NOI estimate of \$417M. We use a 8.2% cap rate based on our view of interest rates over the next year, current and expected private market/transaction comps, and the market exposure of ESRT. Downside risks to our PO are NYC office market conditions and NOI from the Empire State Building Observatory below expectations. Upside risks to our PO are better-than-expected operating conditions for the Observatory and leasing progress across the office portfolio, and an even stronger market for NYC office asset trades that pushes market cap rates lower.

Kimco Realty (KIM)

Our \$24 price objective assumes the stock trades at a 5% premium to our forward NAV estimate given KIM's scale, strong management team, and flexible balance sheet. We apply a 6.3% cap rate to our forward NOI estimate. We use a 6.3% cap rate for KIM based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of KIM. The risks to KIM achieving our price objective are a significant slowdown in retail sales, a rise in retailer bankruptcies and a sharp increase in long-term interest rates. Upside risk to our price objective is a faster and stronger-than-expected macro-economic recovery.

Prologis, Inc. (PLD)

Our \$148 PO for PLD is based on our forward 12-month NAV estimate. The estimate reflects the value of PLD's global platform and balance sheet offset by trade war fears. We apply a 4.1% cap rate to our forward 12-month NOI forecast of \$6.36B to calculate our NAV. We view a slowdown in global trade and economic growth, operating conditions below our expectations, and heightened geopolitical tensions as downside risks to our PO. Tightening in credit markets could also weigh on access to capital, borrowing costs, and portfolio real estate values. Upside risks to our PO are better-than-expected operating conditions, an improved global trade outlook, and downward pressure on cap rates around the globe.

Simon Property (SPG)

Our \$178 price objective assumes the stock trades at a 15% premium to our forward NAV estimate based on our view of better balance sheet management and strong management. We apply a 7.0% cap rate to our forward NOI estimate. We use 7.0% for SPG based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of SPG. The risks to SPG achieving our price objective are a significant slowdown in retail sales, a rise in retailer bankruptcies and significantly higher long-term interest rates. Upside risk to our price objective is a faster- and stronger-than-expected macro-economic recovery.

Welltower (WELL)

Our \$129 price objective for WELL is now derived by running a 5 year forward analysis of WELL's growth prospects under various scenarios. Our base case implies a share price of \$152 in 2028. Then we discount that share price back using a discount rate of 4.28% (the 10-year Treasury rate as of 02.26.2024) to back into our PO of \$129. Upside risks to our PO are better-than-expected senior housing or medical office building performance, higher-than-forecast dividend growth and lower interest rates. Downside risks to our PO are further public-pay reimbursement cuts, a more competitive acquisitions environment, weaker-than-expected senior housing fundamentals, increased tenant credit risk, and rising interest rates.

Analyst Certification

We, Jeffrey Spector, Camille Bonnel and Joshua Dennerlein, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - REITs Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Agree Realty Corp	ADC	ADC US	Joshua Dennerlein
	Alexandria Real Estate Equities	ARE	ARE US	Joshua Dennerlein
	American Healthcare REIT Inc.	AHR	AHR US	Joshua Dennerlein
	American Homes 4 Rent	AMH	AMH US	Jeffrey Spector
	Americold Realty Trust	COLD	COLD US	Joshua Dennerlein
	AvalonBay Communities Inc	AVB	AVB US	Joshua Dennerlein
	Boston Properties	BXP	BXP US	Jeffrey Spector
	Brixmor Property Group	BRX	BRX US	Jeffrey Spector
	COPT Defense Properties	CDP	CDP US	Camille Bonnel
	Cousins Properties Inc.	CUZ	CUZ US	Camille Bonnel
	EastGroup Properties	EGP	EGP US	Jeffrey Spector
	Empire State Realty Trust	ESRT	ESRT US	Camille Bonnel
	Equity Residential	EQR	EQR US	Jeffrey Spector
	Essential Properties	EPRT	EPRT US	Joshua Dennerlein
	Federal Realty	FRT	FRT US	Jeffrey Spector
	Invitation Homes Inc	INVH	INVH US	Joshua Dennerlein
	Kimco Realty	KIM	KIM US	Jeffrey Spector
	Kite Realty Group	KRG	KRG US	Jeffrey Spector
	Phillips Edison & Company	PECO	PECO US	Jeffrey Spector
	Prologis, Inc.	PLD	PLD US	Camille Bonnel
	Public Storage, Inc.	PSA	PSA US	Jeffrey Spector
	Regency	REG	REG US	Jeffrey Spector
	Rexford Industrial Realty	REXR	REXR US	Camille Bonnel
	Sabra Health Care	SBRA	SBRA US	Joshua Dennerlein
	Simon Property	SPG	SPG US	Jeffrey Spector
	Ventas, Inc.	VTR	VTR US	Jeffrey Spector
	Welltower	WELL	WELL US	Joshua Dennerlein
NEUTRAL				
	Acadia Realty Trust	AKR	AKR US	Jeffrey Spector
	CubeSmart	CUBE	CUBE US	Jeffrey Spector
	EPR Properties	EPR	EPR US	Joshua Dennerlein
	Equity LifeStyle Properties	ELS	ELS US	Jeffrey Spector
	Essex Property Trust, Inc.	ESS	ESS US	Joshua Dennerlein
	Extra Space Storage, Inc.	EXR	EXR US	Jeffrey Spector
	Getty Realty Corp.	GTY	GTY US	Joshua Dennerlein
	Highwoods Properties	HIW	HIW US	Camille Bonnel
	InvenTrust Properties	IVT	IVT US	Jeffrey Spector
	Kilroy Realty Corporation	KRC	KRC US	Camille Bonnel
	Macerich	MAC	MAC US	Jeffrey Spector
	OMEGA Healthcare	OHI	OHI US	Joshua Dennerlein
	Realty Income	O	O US	Jeffrey Spector
	Retail Opportunity Investments Corp.	ROIC	ROIC US	Jeffrey Spector
	SL Green Realty	SLG	SLG US	Camille Bonnel
	Sun Communities	SUI	SUI US	Joshua Dennerlein
	UDR, Inc.	UDR	UDR US	Joshua Dennerlein
	Veris Residential Inc	VRE	VRE US	Joshua Dennerlein
	Vornado Realty	VNO	VNO US	Camille Bonnel
UNDERPERFORM				
	American Assets Trust	AAT	AAT US	Camille Bonnel
	Armada Hoffer Properties	AHH	AHH US	Camille Bonnel
	Camden Property Trust	CPT	CPT US	Joshua Dennerlein
	Douglas Emmett	DEI	DEI US	Camille Bonnel
	Healthpeak Properties, Inc.	DOC	DOC US	Joshua Dennerlein
	Hudson Pacific Properties, Inc.	HPP	HPP US	Camille Bonnel
	Kennedy Wilson	KW	KW US	Joshua Dennerlein
	LXP Industrial Trust	LXP	LXP US	Camille Bonnel
	Medical Properties Trust, Inc.	MPW	MPW US	Joshua Dennerlein
	Mid-America Apartment Communities, Inc.	MAA	MAA US	Joshua Dennerlein
	National Storage Affiliates Trust	NSA	NSA US	Jeffrey Spector
	NetSTREIT	NTST	NTST US	Joshua Dennerlein
	NNN REIT Inc	NNN	NNN US	Joshua Dennerlein
	Paramount Group	PGRE	PGRE US	Camille Bonnel
	Peakstone Realty Trust	PKST	PKST US	Joshua Dennerlein



US - REITs Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	STAG Industrial	STAG	STAG US	Camille Bonnel
	Tanger Inc	SKT	SKT US	Jeffrey Spector
	WP Carey	WPC	WPC US	Joshua Dennerlein

Disclosures

Important Disclosures

Equity Investment Rating Distribution: REITs (Real Estate Investment Trusts) Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	40	46.51%	Buy	33	82.50%
Hold	27	31.40%	Hold	21	77.78%
Sell	19	22.09%	Sell	16	84.21%

Equity Investment Rating Distribution: Telecommunications Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	57	51.82%	Buy	43	75.44%
Hold	27	24.55%	Hold	17	62.96%
Sell	26	23.64%	Sell	12	46.15%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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