## Contents

Introduction xi
Acknowledgments xv

### Part I Meet the REIT

#### Chapter 1 REITs: What They Are and How They Work 3
- Types of REITs 5
- General Investment Characteristics 6
- Higher Current Returns 11
- Summary 17

#### Chapter 2 REITs versus Competitive Investments 19
- Bonds 20
- Convertible Bonds 22
- Preferred Stocks 23
- Other High-Yielding Equities 24
- Other Real Estate Investment Vehicles 26
- Summary 31

#### Chapter 3 Today’s REITs 33
- The First REIT 33
- The Tax Reform Act of 1986 34
- UPREITs and DownREITs 35
- REIT Modernization Act and RIDEA 37
- Lending REITs versus Ownership REITs 39
Chapter 4  Property Sectors and Their Cycles  43
Ups and Downs  45
Property Sectors  49
Summary  87

Part II  History and Mythology

Chapter 5  REITs: Mysteries and Myths  91
Changing Attitudes toward REITs  91
Myths about REITs  97
Summary  108

Chapter 6  A History of REITs and REIT Performance  109
The 1960s: Infancy  109
The 1970s: Adolescence and Turbulence  111
The 1980s: Overbuilding—The Troll Under the Bridge  113
The 1990s: The Modern REIT Era—Plus More Growing Pains  115
2000 to 2007: Credibility and Market Acceptance  124
2007 through 2010: REITs Survive the Great Recession  127
Recent Trends  134
Summary  139

Part III  Investing Intelligently in REITs

Chapter 7  REITs: Growth and Value Creation  143
The Significance of FFO and AFFO  144
The Dynamics of FFO/AFFO Growth  149
Internal Growth  152
How to Build Internal Growth into a Lease  157
Other Ways to Generate Internal Growth and to Create Shareholder Value  158
External Growth  163
More External Growth Avenues  172
Summary  173