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Robert A. Stanger & Co. LLC

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# Innovative REAL ESTATE STRATEGIES

HOW ADVISORS CAN ACHIEVE PORTFOLIO DIVERSIFICATION THROUGH REAL ESTATE

## Foreign or Domestic? A Comparison of Investment Opportunities at Home and Abroad

PANELIST

**Michael R. Grupe, PhD**

EVP, Research & Investor Outreach

*NAREIT*

PANELIST

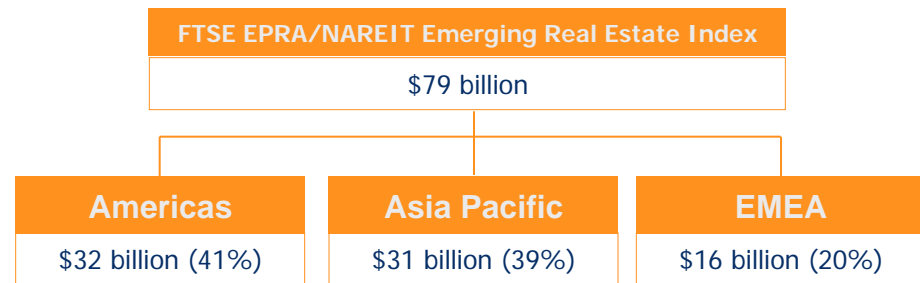
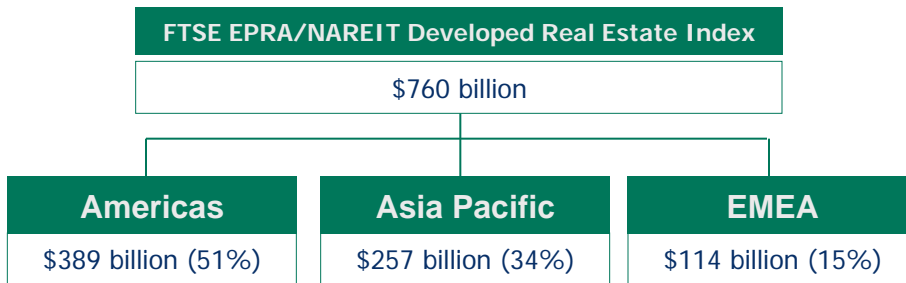
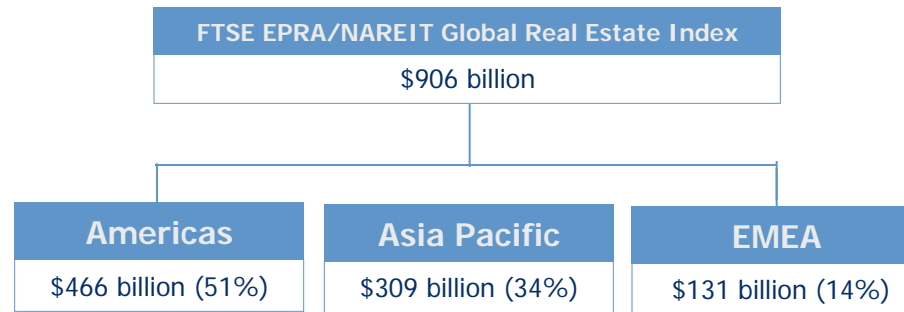
**Bill Lehew**

Director of Strategic Accounts

*Hines Securities, Inc.*

# The Global Opportunity Set

## FTSE EPRA/NAREIT Global Real Estate Index Series



Data as of January 31, 2012.

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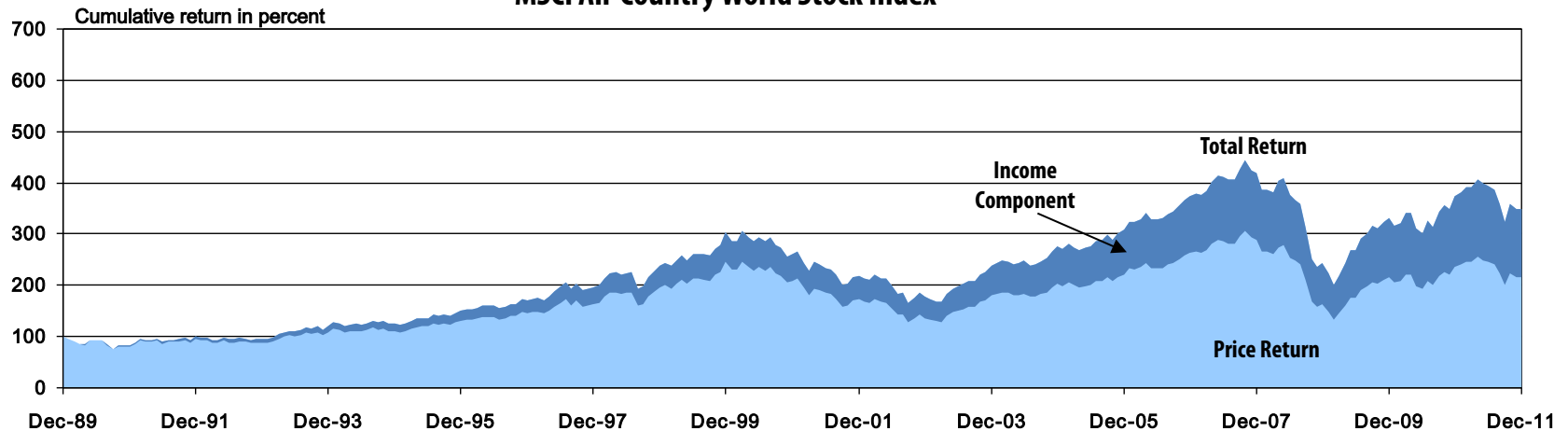
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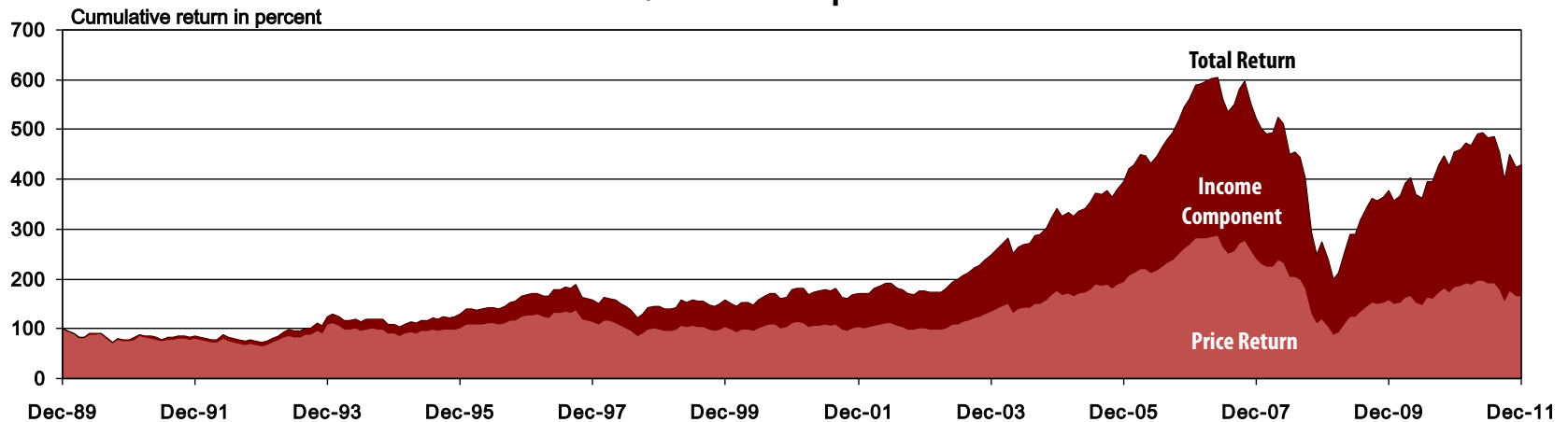
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# Retirement Income

## MSCI All-Country World Stock Index



## FTSE EPRA/NAREIT Developed Real Estate Index



Sources: NAREIT® analysis of data from FTSE, and from IDP accessed through FactSet.

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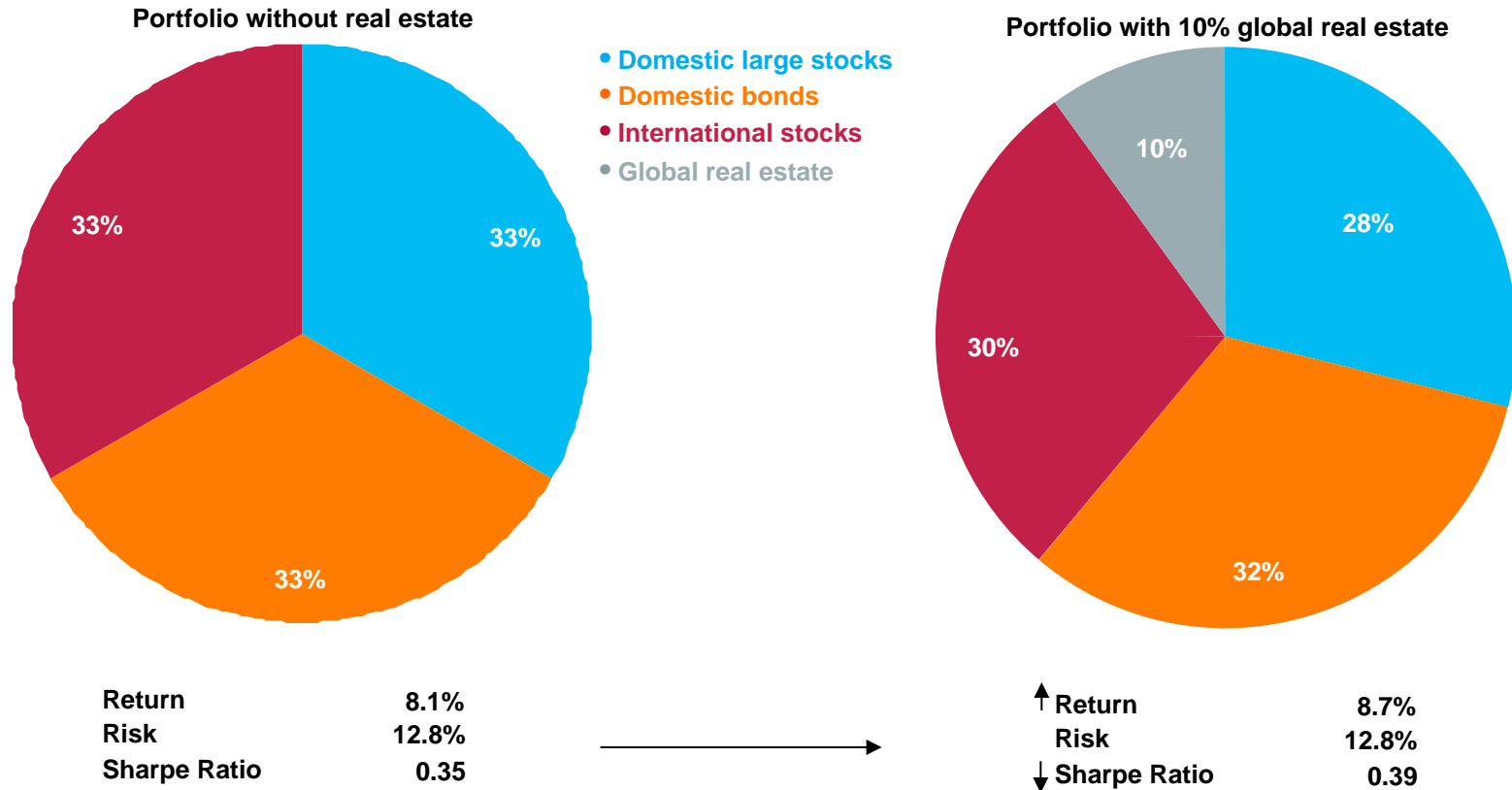
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# Diversification

## Increase Return without Increasing Risk

Sample portfolios with and without global real estate: 1990–2010



Source: *Commercial Real Estate Investment Through Global Public Markets* (2011), Morningstar®.

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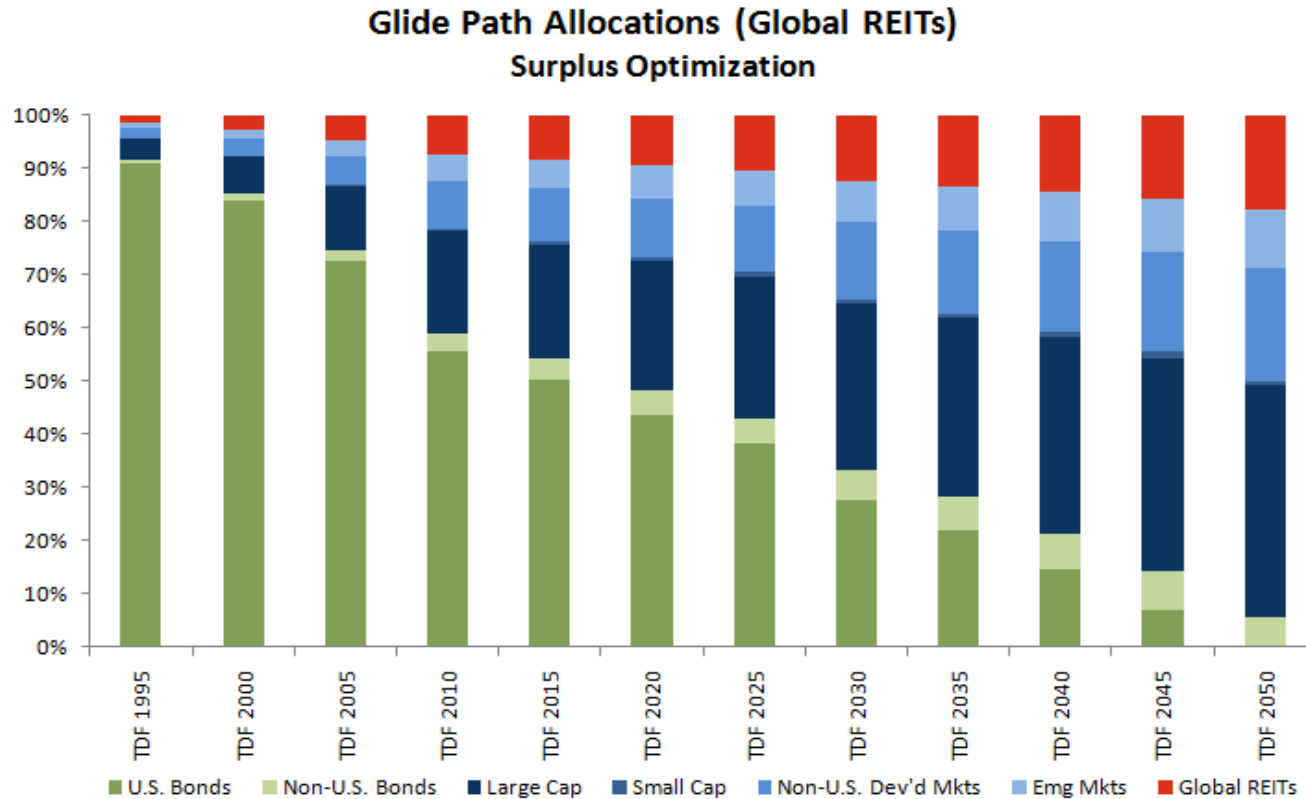
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# Diversification

## Target Date Fund Portfolio with Global REITs



Global REIT allocations in a TDF portfolio constructed with Surplus Optimization begin at 17.7% for an investor with a 40-year investment horizon, gradually decline along with other equities as the investment horizon shortens, but remain sizeable at 7.6% for an investor at retirement (TDF 2010). The REIT allocation declines along with other equities throughout retirement, but remains at 1.6% for an investor 15 years into retirement.



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President

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# Global – The New Core in Real Estate Investing



Downtown: Sao Paulo, Brazil



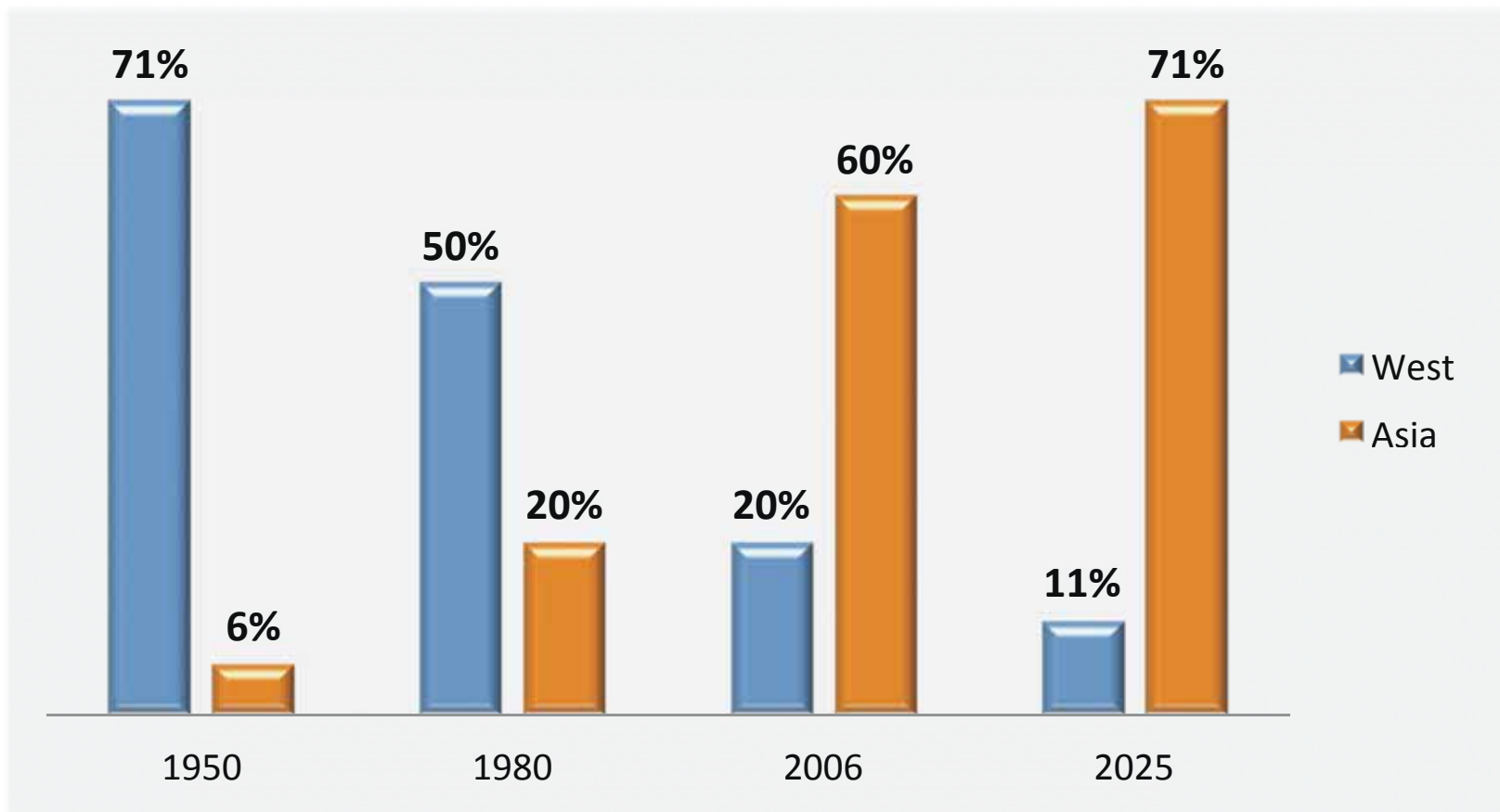
Downtown: Moscow, Russia



Downtown: Warsaw, Poland

# Middle Class Population: Shrinking in the West, Expanding in the East

Percentage of Middle Class Population in the West and in Asia



Sources: U.S. Department of Commerce. Vaughn's Summaries World Population Growth Table, October 2011. Second Among Equals: The Middle Class Kingdoms of India and China, May 2007.



# Did You Know?

## “The Jobs Czar” GE's Jeffrey Immelt



Elected as GE's CEO in 2000

- 2000 – GE revenue from outside U.S. = 30%
- 2011 – GE revenue from outside U.S. = 60%
- Currently over one-half of its 300,000 employees are outside the U.S.

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*U.S. companies are moving overseas because of GROWTH*

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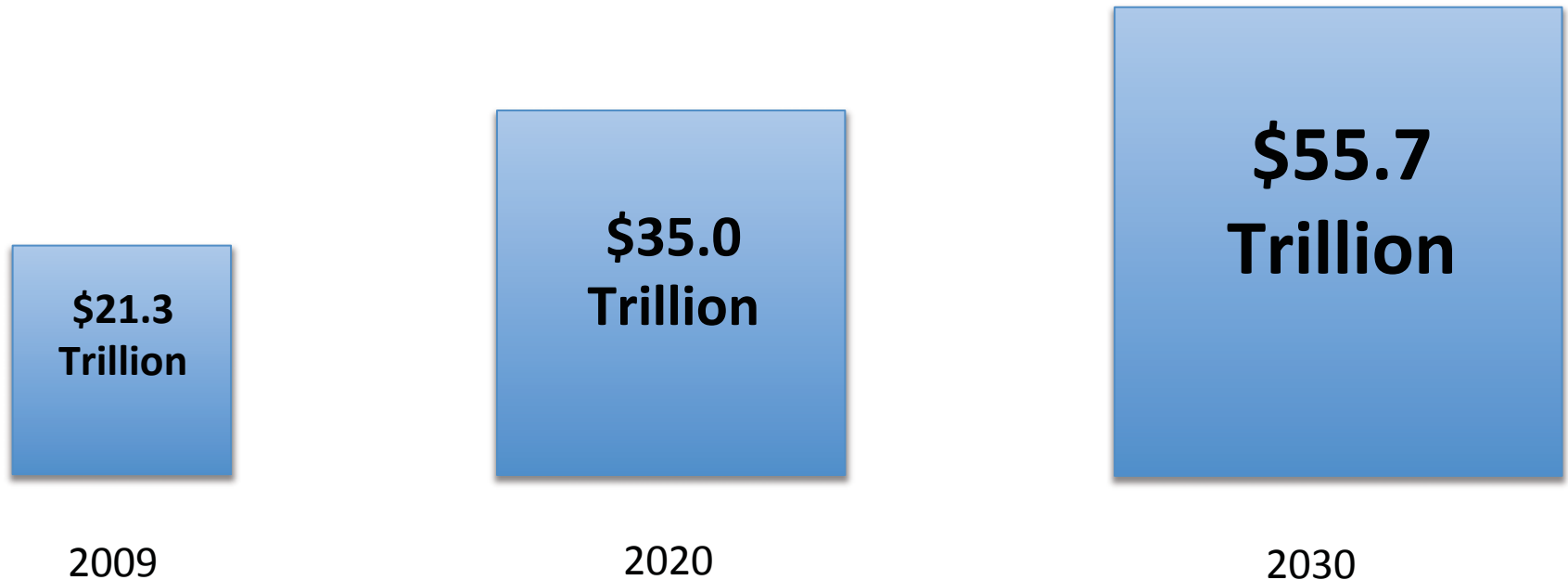
**FACT:** GE is growing at a rate of 35% per year in Brazil compared to 1% here in the U.S.

Source: 60 Minutes story. The Jobs Czar: General Electric's Jeffrey Immelt. October 2011

# A Growing Middle Class Creates Real Estate For Investors

## More Disposable Income= More Spending

Projected Spending by Middle Class (in Dollars)\*



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*80% of the projected growth in demand is expected to come from Asia alone.\**

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Source: The Emerging Middle Class in Developing Countries

# Globalization Benefiting Developing Countries



Thank you

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