

# THE GREAT REAL ESTATE REALIGNMENT

With people working and shopping from home through lockdowns, the pandemic reduced the demand for retail and office space. But compelling real estate opportunities still exist, and strong active management can help investors navigate the sector. Moreover, the opportunity set is broadening. As vaccines become more widely available and economies across the world reopen, properties such as hotels, assisted living facilities and restaurants should benefit from pent-up demand.



## Why consider REITs?

Real estate investment trusts (REITs) are companies that own, and often operate, real estate. Investing in REITs provides individuals with exposure to real estate without the need to buy or finance properties themselves.



11 out of 15 of the world's largest listed real estate companies are REITs<sup>2</sup>



Average dividend yield for REITs<sup>3</sup> vs S&P 500 dividend yield<sup>4</sup>



Total market capitalization of all publicly traded REITs.<sup>1</sup>

Most REITs trade with the liquidity of stocks—setting them apart from other, more illiquid, types of property investments.

Low correlation with other assets makes REITs a valuable portfolio diversifier.

## Opportunities for growth

Covid-19 hit some areas of real estate, such as retail and office space, particularly hard, while other areas soared.

The pandemic accelerated trends already underway, expanding growth opportunities for REITs.



Cloud computing



Remote schooling



Remote working



E-commerce

Demand for cloud solutions is growing, along with the need to house millions of servers.



Last-mile delivery and online grocery shopping are booming.

The e-commerce boom has spurred demand for warehouse space and cold storage facilities that are closer to customers.



Global increase in online grocery buyers since the pandemic outbreak.<sup>5</sup>

## Bright future ahead

Liquidity is key these days, and REITs, with prices that quickly adjusted to the crisis, are well positioned to thrive in a post-pandemic world. By contrast, private real estate valuations change much more slowly.



Annualized total return for the FTSE Nareit All Equity REITs Index over the past 25 years.<sup>6</sup>

Industrial, infrastructure and data centre REITs are major beneficiaries of the Covid-induced shift in real estate. Year to date. All of them had positive returns.<sup>7</sup>



31.6% Industrial



28.25% Infrastructure



18.9% Data centres

## Seeking Real Estate Opportunities Around The World

INVEST IN

### PGIM India Global Select Real Estate Securities Fund Of Fund

(An open-ended equity fund of fund scheme investing in PGIM Global Select Real Estate Securities Fund)

Source: <sup>1</sup> Millionacres. As of August 2021; including mortgage REITs (mREITs). <sup>2</sup> Nareit. <sup>3</sup> Millionacres. As of August 2021; including mREITs. <sup>4</sup> Multpl. As of August 2021. <sup>5</sup> Digital Commerce 360. <sup>6</sup> Millionacres. As of August 2021. <sup>7</sup> Nareit. All data accurate as of January-August 2021. Past performance is not a guarantee or a reliable indicator of future results.

Investors will bear the recurring expenses of the scheme, in addition to the expenses of the underlying scheme.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.



This product is suitable for investors who are seeking\*:

- Capital appreciation over a longer term.
- Investment in units of overseas mutual funds that invest in equity and equity related securities of real estate companies located throughout the world.
- Degree of risk - VERY HIGH

\* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.