



REIT WRAP for THURSDAY, JANUARY 6, 2011

FRONT PAGE: REITs Recouped A Chunk of Tuesday's Losses, Yesterday.
 PLUS: **Harrison Street Buys Transwestern's Real Estate Securities Platform;**
 Cornerstone Noodles A New Fund Idea; Glimcher Upsizes and Prices Its
 Follow-On Deal; Tanger Sets 2-for-1 Stock Split, and ETF Watch.

STANDBYS: Market Recap, including the Credit Markets and New Highs and
 Lows, including Preferreds.

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REITs regained a chunk of Tuesday's loss yesterday. The Standard & Poor's 500-stock index, which edged down 0.13% on January 4, rose 0.50% to 1,276.56 on Wednesday.

The price-only version of the MSCI US REIT Index (RMZ), which delivered a 23.53% return last year, and rose 1.93% on Monday and dropped 2.02% on Tuesday, moved up 0.57% to 764.31 yesterday.

At its session high of 764.49 on January 5, the RMZ was up 0.60%; at its session low of 758.19 yesterday, the RMZ was down 0.23%.

The RMZ's low close in 2010 was 564.06 on February 9. Since February 9, 2010, the RMZ is up 35.5%, or 200.25 points. Over that 229-session stretch, the RMZ has finished "red" 102 times (i.e., Feb 23, Feb 26, March 3, March 15, March 18, March 19, March 23, March 26, March 29, March 30, March 31, April 7, April 8, April 12, April 15, April 16, April 27, April 30, May 4, May 5, May 6, May 7, May 13, May 14, May 18, May 19, May 20, May 24, May 26, May 28, June 1, June 3, June 4, June 7, June 16, June 18, June 21, June 22, June 24, June 28, June 29, June 30, July 1, July 2, July 6, July 14, July 15, July 16, July 21, July 27, July 28, July 29, Aug 3, Aug 5, Aug 6, Aug 10, Aug 11, Aug 12, Aug 13, Aug 18, Aug 19, Aug 23, Aug 24, Aug 25, Aug 30, Sept 7, Sept 9, Sept 14, Sept 16, Sept 21, Sept 22, Sept 23, Sept 27, Sept 29, Oct 6, Oct 11, Oct 14, Oct 15, Oct 19, Oct 21, Oct 22, Oct 26, Oct 27, Oct 28, Nov 3, Nov 8, Nov 9, Nov 11, Nov 12, Nov 15, Nov 16, Nov. 23, Nov 26, Nov 30, Dec 8, Dec 9, Dec 14, Dec 15, Dec 23, Dec 31 and Jan 4).

How REITs, the non-REIT benchmarks we track, and the XLF fared on Jan 5:

INDEX	January 5's Stats	4Q10	2010	YTD
Dow Jones	11,722.89 31.71 0.27%	7.32%	11.02%	1.26%
S&P 500	1,276.56 6.36 0.50%	10.20%	12.78%	1.50%
Nasdaq Composite	2,702.20 20.95 0.78%	12.00%	16.91%	1.86%
Russell 2000	795.09 9.26 1.18%	15.90%	25.31%	1.46%
MSCI U.S. REIT (RMS)*	1,004.58 5.76 0.58%	7.40%	28.48%	0.46%
MSCI U.S. REIT (RMZ)**	764.31 4.35 0.57%	6.32%	23.53%	0.44%
NAREIT Eq (FNRETR)***	8,385.86 46.84 0.56%	7.44%	27.96%	0.45%
NAREIT Eq (FNRE)****	428.34 2.37 0.56%	6.39%	23.06%	0.42%
Chn & Strs (RMP)*****	872.90 3.94 0.45%	7.15%	29.58%	0.52%
Financial SPDR (XLF)	16.47 0.195 1.20%	11.19%	10.76%	3.26%

* Total-return version of the MSCI U.S. REIT Index (RMS)

** Price-only version of the MSCI U.S. REIT Index (RMZ)

*** Total-return version of the FTSE NAREIT Equity REIT Index (FNRETR)

**** Price-only version of the FTSE NAREIT Equity REIT Index (FNRE)

***** Cohen & Steers Realty Majors (RMP) [Total-Return Benchmark]

Over the trailing 12-month period through the close on January 5, the RMZ was up 24.56%. At yesterday's close, the RMZ was 38.0% below its February 7, 2007 all-time closing high of 1,233.66; 181.2%, or 492.50 points, above its 2009 (March 6) session low of 271.81; 2.7%, or 20.97 points, south of its recent (November 5, 2010) 52-week closing high of 785.28, and 3.2%, or 25.55 points, below its recent (November 5, 2010) 52-week session high of 789.86.

Through the close on Wednesday, January 5:

	Trlng 1-Yr	Trlng 3-Yr	Trlng 5-Yr	Trlng 10-Yr
RMS*	29.54%	3.72%	2.36%	10.75%
FNRETR**	28.83%	3.55%	2.42%	10.91%
FNRE***	23.90%	(1.46%)	(2.22%)	5.02%

* Total-return version of the MSCI U.S. REIT Index (RMS)

** Total-return version of the FTSE NAREIT Equity REIT Index (FNRETR)

*** Price-only version of the FTSE NAREIT Equity REIT Index (FNRE)

74 of the 103 REITs that comprise the price-only version of the MSCI U.S. REIT Index (RMZ) rose, 25 fell and 4 were unchanged yesterday.

Wednesday's Leader

Clse Pr. Pct. Chg.

FelCor (FCH)	\$7.71	8.90%
Pebblebrook (PEB)	\$20.89	4.24%
CBL & Associates (CBL)	\$18.05	3.38%
LaSalle Hotel Pptys (LHO)	\$28.08	3.31%
DiamondRock Hospitality (DRH)	\$12.22	3.21%

Wednesday's Laggards

Clse Pr. Pct. Chg.

Education Realty (EDR)	\$7.50	(2.98%)
CapLease (LSE)	\$5.62	(2.60%)
Entertainment Pptys (EPR)	\$45.84	(1.42%)
Alexander's (ALX)	\$411.56	(1.36%)
DCT Industrial (DCT)	\$5.19	(1.14%)

The RMZ/RMS' average weighted yield at yesterday's close was 3.638%. [MSCI Barra provides the daily average weighted yield for the RMS/RMZ.] At the close on January 5, the RMP's average weighted yield was 3.353%. [Cohen & Steers provides the daily average weighted yield for the RMP.] The FNRETR/FNRE's average weighted yield at yesterday's close was 3.58%. [NAREIT provides the daily average weighted yield for FNRETR/FNRE.]

Ahead of today's open: The 10-year yield was 3.422%. The 30-year yield was 4.532%. 3-month dollar denominated Libor was 0.30313%.

At yesterday's close, the 10-year TIPS yield was 1.08%; up from Tuesday's 1.01%. One week ago yesterday (i.e., December 29), the 10-year TIPS yield was 1.06%. On December 31, 2008, the 10-year TIPS yield was 2.14%. On December 31, 2009, the 10-year TIPS yield was 1.48%. On December 31, 2010, the 10-year TIPS yield was 1.00%.

Over the past 30 sessions (i.e., November 22 through January 4) the MSCI U.S. REIT Index's (RMZ/RMS) average daily volume was 97.5 million shares; the trailing 200-day moving average is 118.7 million shares.

RMS/RMZ traded 105.8 million shares yesterday; down from Tuesday's 125.0 million shares.

January 5's Top 10 volume leaders accounted for 41.4%, or 43.78 million shares of yesterday's RMS/RMZ volume. [Top 10: Education Realty (EDR), Host Hotels (HST), ProLogis (PLD), Kimco (KIM), General Growth (GGP), DCT Industrial (DCT), HCP, Inc. (HCP), Brandywine (BDN), Duke Realty (DRE) and Equity Residential (EQR).

Yesterday's dollar volume for the 103 REITs in the RMS/RMZ was \$2,805.90 million. The Top 5 REITs = \$629.40 million and the Top 10 = \$1,068.64 million. The Top 5 dollar volume REITs accounted for 22.43% of Wednesday's total RMS/RMZ dollar volume and the Top 10 dollar volume REITs accounted for 38.09% of January 5's total RMS/RMZ dollar volume. [Top 10: Simon (SPG), HCP, Inc. (HCP), Host Hotels (HST), Equity Residential (EQR), Digital Realty (DLR), Boston Properties (BXP), Kimco (KIM), Public Storage (PSA), ProLogis (PLD) and SL Green (SLG).]

LOOSE THREADS

EXPANDING INTO REITs...Chicago-based Harrison Street Real Estate Capital, LLC is a "specialty" real estate private equity shop founded in 2005.

According to the firm's website, as of December 2010, it owned "... or has under development approximately \$2.1 billion in real estate assets which includes over 14,400 student housing beds, 4,500 senior housing/assisted living units, over 62,000 self storage units, 2,800 marina berths and 810,000 sq. ft. of net rentable medical office space.

Harrison Street has just closed on the acquisition of Transwestern's public real estate securities platform. In a phone interview yesterday, Harrison Street Co-Founder, President and CEO Christopher Merrill, a former senior exec and partner at Heitman, told REIT Wrap that at the time of the acquisition Transwestern managed \$350 million. REITland vets Reagan Pratt and James Kammert are the platform's co-portfolio managers.

Harrison Street acquired Transwestern's real estate securities business for two reasons, primarily, according to Merrill, to expand the product line it can offer to its clients and because his firm believes that the REIT business is growing and Harrison Street wants to be part of that growth.

According to the firm's website, Harrison Street's clients include; (1) Foreign Pension Funds and Corporations; (2) U.S. Pension Funds and Corporations (e.g., the Kansas Public Employees' Retirement System and San Francisco City and County Employees' Retirement System); (3) Insurance Companies; (3) Endowments and Foundations; (4) Fund of Fund Vehicles and (5) High Net Worth Family Offices.

LINK: <http://bit.ly/fGrVbj>.

NEW PRODUCT...Hartford, Connecticut-headquartered Cornerstone Real Estate Advisers reportedly is considering launching a new fund that would invest in public real estate securities, including debt (i.e., CMBS).

Cornerstone plans to preview the fund idea for a group of its clients at a meeting in March 2011. If the fund idea gets a positive reaction from its clients, Cornerstone's parent, Mass Mutual Life, would seed the fund with a commitment in the range of \$50 million. Cornerstone would then seek to raise \$100 to \$200 million from a handful of investors, perhaps six, one source familiar with the discussions told REIT Wrap. The individual spoke on the condition of anonymity because the idea is still in the discussion stage and those discussions are private.

GLIMCHER SELLS SHARES...Glimcher (GRT) said today, ahead of the open, that it sold 13.0 million shares (upsized from a planned 11.0 million share deal) at \$8.30 per share.

GRT rose 2.934% to \$8.77 on volume of 290,331 shares yesterday. Prior to its just-announced deal, GRT last sold equity: (1) 14.0 million shares at \$6.25 per share in July of last year and (2) 26.67 million shares at \$3.75 per share in September 2009.

JOINT BOOK-RUNNERS: Goldman, Sachs & Co., BofA Merrill Lynch, KeyBanc Capital Markets and Wells Fargo Securities. CO-MANAGERS: Commerz Markets, the Huntington Investment Company, Piper Jaffray & Co., PNC Capital Markets and RBS Securities.

STOCK SPLIT...Tanger Factory Outlet Centers (SKT) said yesterday that its board had approved a 2-for-1 stock split. "The split will be effected by paying shareholders of record on January 13, 2011 a dividend of one new common share for each common share outstanding. The common share dividend effecting the share split will be payable on January 24, 2011," SKT added.

ETF WATCH...How seven of the exchange traded funds (ETFs) that we track fared on Wednesday, January 5:

iShares Dow Jones U.S. Real Estate Index Fund (IYR) rose 0.412%, or 23 cents, to \$56.05 on volume of 9.17 million shares.

ProShares Ultra Real Estate (URE) climbed 0.994%, or 50 cents, to \$50.79 on volume of 388,091 shares.

ProShares UltraShort Real Estate (SRS) dropped 0.936%, or 17 cents, to \$18.00 on volume of 1.45 million shares.

ProShares Short Real Estate ETF (REK), which launched on March 18, 2010, fell 0.405%, or 16 cents, to \$39.82 on volume of 2,367 shares.

Direxion Daily Real Estate Bull 3x Shares (DRN) rose 1.344%, or 76 cents, to \$57.31 on volume of 576,938 shares.

Direxion Daily Real Estate Bear 3x Shares (DRV) dropped 1.772%, or 32 cents, to \$17.74 on volume of 643,280 shares.

The Financial Select Sector SPDR Fund (XLF) rose 1.198%, or 19.5 cents, to \$16.47 on volume of 97.20 million shares.

NEW HIGHS & LOWS

8 REITs/REOCs hit new highs yesterday: AMB Property Corp. (AMB), Forest City Class A (FCE/A), Host Hotels & Resorts (HST), Hyatt Hotels (H), Intercontinental Hotels Group (IHG), Potlatch (PCH), Sonesta International Hotels (SNSTA) and Weyerhaeuser (WY).

1 closed-end fund hit a new high on Wednesday: Cohen & Steers Total Return Realty Fund (RFI).

5 REIT preferreds hit new highs on January 5: iStar Financial 7.65% Series G CUMUL RDM PFD (SFI-G), iStar Financial 7.50% Series I CUMUL RDM PFD (SFI-I), MPG Office Trust 7.625% (Distribution Suspended) Series A CUMUL RDM PFD (MPG-A), Strategic Hotels & Resorts 8.50% (Distribution Suspended) Series A CUMUL RDM PFD (BEE-A) and Strategic Hotels & Resorts 8.25% (Distribution Suspended) Series C CUMUL RDM PFD (BEE-C).

1 REIT hit a new low yesterday: Pacific Office Pptys (PCE), which is in the market with a 44 million share follow-on deal.

1 recently launched (late-November) closed-end fund hit a new low on Wednesday: Cohen & Steers Select Preferred and Income Fund (PSF).

No REIT/REOC preferreds hit new lows yesterday.