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TIGER 21 members schooled in REITs by Martin Cohen

Expounding on the risks and rewards of investing in real estate securities, Martin Cohen, Co-CEO and Cochairman of Cohen & Steers, a manager of high-income equity portfolios specializing in U.S. REITS and international real estate securities, had a captive audience at a recent all-member presentation of TIGER 21, the nation's premier peer-to-peer learning network for high-net-worth investors.

A report on the asset allocation of TIGER 21's members released earlier in the year showed that individuals had 28% of their assets in real estate--with 12% in personal residences and 16% in direct property investments. TIGER 21 members have also shown a strong interest in real estate investment trusts. In fact, Cohen & Steers counts more than a few TIGER 21 members as clients.

"It is no coincidence that a REIT presentation drew as much participation as this did, considering that our members have shown a penchant for long-horizon, income-producing real estate investments," said Michael Sonnenfeldt, founder of TIGER 21 and a successful real estate developer and investor in his own right.

"Real estate securities provide direct participation in local economic growth, historically attractive returns and enhanced diversification when investors hold securities from different countries and regions as well as property-types," explained Cohen.

Cohen & Steers (NYSE: CNS), which has offices around the world, including New York, Brussels, Hong Kong, London and Seattle, was established in 1986 and has focused on dividend-producing stocks, which is why it has been a leader in REIT investing.

REITs also provide investors with diversification, low correlation to other asset classes and a means to participate in

opportunities presented by securitization and a growing global marketplace.

On the outlook for REITs, Cohen is highly confident, particularly with commercial sector REITs. He points out that many office markets around world are strong and that contractually, rents will continue to see increases. He is particularly bullish on the Hong Kong market and says that the real estate fundamentals there, as well as in other financial capitals--like New York and London--are very good.

On the residential sector, Cohen is positive on rentals. He says that if reports of an increase in mortgage foreclosures prove accurate, that will translate into more renters. But he notes that in some markets, particularly Manhattan, the cost of building new rental apartments is too high. "The replacement cost is a major factor. New construction requires prohibitive rents," he says.

There are currently 20 countries with REIT-like structures and ten countries with REIT legislation pending, including Italy, which is expected to adopt this year. This bodes well for investors, as foreign REITs allow investors to have sector, currency and geographic diversity. Cohen's own portfolio is evenly divided between domestic and foreign stocks.

On the chances of a pullback in the global real estate marketplace, Cohen is optimistic we won't see one soon. He said that two of three things need to happen: an economic recession, an over-supply of product and liquidity restraint. "I don't see any of these three on the horizon, although I watch the supply issue most closely," he said.

TIGER 21 is the nation's premier peer-to-peer learning group for high net worth investors. Building on shared collective intelligence, TIGER 21 members seek to enhance investment returns while limiting their investment risks to acceptable levels.