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Who Says Real Estate is a Bad Investment?

Stoker Ostler says REITs May be a Good Choice Despite Market Downturn

Scottsdale, Ariz. (July 1, 2008)...While the media is rife with stories of the real estate market downturn, there are some silver linings that could work in your favor.

According to Greg Stott, Senior Portfolio Manager for Stoker Ostler Wealth Advisors, the current environment in the real estate market has created a unique opportunity for investors.

“The current real estate market has opened the door for investors to benefit greatly. Real estate is now more reasonably and appropriately valued, which is eliminating those who chase immediate excess capital at the expense of the overall market. And, for the first time, REITs are trading at discounts, rather than premiums. This is all good news for investors and now is the time to act,” commented Stott.

In order to take advantage of the current market conditions, Stott said investors should consider the following:

- **The Role of Real Estate in a Portfolio:** REITs (Real Estate Investment Trust) are entities that own and often manage income-producing commercial real estate properties such as hotels, office buildings and shopping centers. REITs have been a valuable tool in reducing volatility and enhancing portfolio returns through income and the potential for capital appreciation. Real estate returns have also demonstrated low correlation with the returns of common stock and bond type investments. A look at the last decade of performance shows that when equity markets have been down, REITs have shown strong returns. As a result, a portfolio that includes a REIT allocation will have higher expected overall returns, without increased risk.
- **REIT Performance:** From January 2000 to December 2006, REITs, as measured by FTSE NAREIT Equity REIT Index, had an annual average return of 22.3% while the broad equity market, as measured by the Russell 3000 Index, had an average annual return of 2.1%. As a result, REITs experienced record inflows, beginning with a \$118 billion at the start of 2000 to approximately \$401 billion at the end of 2006, an increase in over 240% in seven years according to State Street Global Advisors.
- **Advantages of REITs:** Compared to directly owning real estate, REITs provide many unique advantages, including:

- **Liquidity:** Many REITs are publicly traded meaning they can be bought and sold on a daily basis. This allows for immediate liquidity, which is not realistic in the case of direct ownership.
- **Valuation:** REITs provide the investor with an up-to-the-minute value of the investment. The investor does not need to wait for an appraisal to be executed to determine the asset's value and or the price at which the asset will sell.
- **Diversification:** REITs offer broad diversification because of their presence in over 12 real estate sectors. These include regional malls, apartments, offices, industrial centers, healthcare, hotels, self storage and factory outlets. The market cap is in excess of \$7 billion and represents some of the most successful real estate operating firms in the country.
- **Inflation Hedge:** REITs have a high degree of recurring revenue associated with rental income and long-term tenant contracts. A great number of these properties provide for inflation adjustments on the rental payments. Investors generally benefit from rising lease payments in the form of increased investment income which may provide long-term inflation protection.

“The bottom line is that REITs are still an attractive and lucrative opportunity for investment, and investors should talk to their financial advisors about REIT options that work for them.”

For more information, contact Gregg Stott at gstott@StokerOstler.com or visit www.StokerOstler.com.

About Stoker Ostler Wealth Advisors

Founded in 1997, Stoker Ostler Wealth Advisors, formerly Private Wealth Management, is a fee-only wealth management firm that specializes in managing investments and providing financial planning for private individuals and families, small-to-medium-sized institutions and nonprofit organizations with investment assets greater than \$500,000. In addition, the firm provides reporting, periodic rebalancing and active tax management services for its clients.

As of April 2008, Stoker Ostler manages over \$770,000,000 in total assets. Additional areas of expertise include: retirement planning, 401(k)/IRA distribution and issues related to the death of a spouse, divorce, inheritance and stock options.

The firm's founders, Philip Stoker and Creg Ostler, have more than 50 years of combined experience in wealth management. Stoker Ostler is employee-owned, allowing the company to steer clear of conflicts of interest that can arise when wealth managers are aligned with a product-based financial service company. Stoker Ostler's independence, combined with the long-standing relationships cultivated with other financial professionals, allows the firm to provide successful, unbiased financial guidance, based solely on the needs and expectations of each client.

Stoker Ostler is headquartered in Scottsdale, Ariz. with an additional office in Utah. For more information, call (480) 890-8088 or visit www.StokerOstler.com.