



September 12, 2022

Via electronic submission to NASAAComments@nasaa.org
cc: Andrea.Seidt@com.ohio.gov, and Mark.Heuerman@com.ohio.gov

NASAA Corporation Finance Section
Andrea Seidt, Section Chair
Mark Heuerman, Project Group Chair
North American Securities Administrators Association, Inc. (NASAA)
750 First Street, N.E., Suite 1140
Washington, D.C. 20002

Dear NASAA, Commissioner Seidt and Mr. Heuerman:

The undersigned trade associations are writing to express concern about NASAA's proposed revisions to its Statement of Policy Regarding Real Estate Investment Trusts (the "Proposal").

The Proposal would have a profound impact on the real estate industry. It would undermine economic recovery and cause unintended and unnecessary risks to the strength and stability of U.S. real estate markets. Investing in alternatives assets such as real estate supports economic recovery, helping to stabilize commercial real estate markets, and provides much needed economic development in communities across the country, including in multi-family and workforce housing. Moreover, continued investment in infrastructure such as warehouses that are an essential link to the nation's supply chain increases the capital directed toward this national priority.

The Proposal would not only affect publicly registered, non-traded REITs but would indirectly affect other highly regulated investment vehicles offered by premier asset management companies that support real estate and the broader economy, including the sponsors of mutual funds, exchange-traded funds, interval funds, tender offer funds and business development companies. These investment vehicles direct long-term capital to geographically diverse opportunities across a range of property types – office, industrial, multifamily, retail, self-storage, medical, and real estate debt.

Federally-regulated non-traded REITs, and in particular NAV REITs that are active today, are a growing source of capital to the acquisition and development of affordable

housing, commercial properties for small businesses, and other types of real estate that supports economic growth and employment.

In 2021, the NAV REIT industry raised over \$36.5 billion and in the first half of 2022 raised another \$21.3 billion. Recent surveys of publicly registered, non-traded REITs indicated that approximately 63% of their investments in multifamily housing support workforce housing, defined as multifamily housing with rent less than 25% of mean family income in the surrounding area.

Commercial real estate historically has provided investors with portfolio diversification, inflation protection, a source of income, and long-term growth. The Proposal would impose arbitrary restrictions that would limit investor choice during a time of stock market volatility and high inflation. The concentration, net worth, and gross income limits would prevent many investors from attaining adequate portfolio diversification by investing in NAV REITs.

We urge NASAA to withdraw the Proposal.

Thank you,

CRE Finance Council
ICSC
Institute for Portfolio Alternatives
Nareit
National Multifamily Housing Council
Real Estate Roundtable