

TIAA Real Estate Account

Real Estate

As of 12/31/2017

Portfolio Net Assets \$24.9 Billion	Inception Date 10/02/1995	Symbol QREARX	Estimated Annual Expenses^{1,2} 0.85%
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Portfolio Strategies

This variable annuity account seeks favorable long-term returns primarily through rental income and appreciation of real estate and real estate-related investments owned by the Account. The Account will also invest in non-real estate-related publicly traded securities and short-term higher quality liquid investments that are easily converted to cash to enable the Account to meet participant redemption requests, purchase or improve properties or cover other expense needs. The Account intends to have between 75% and 85% of its net assets invested directly in real estate or real estate-related assets with the goal of producing favorable long-term returns. The Account's principal strategy is to purchase direct ownership interests in income-producing real estate, primarily office, industrial, retail and multi-family residential properties. The Account may also make foreign real estate investments. Under the Account's investment guidelines, investments in direct foreign real estate, together with foreign real estate-related securities and foreign non-real estate-related liquid investments may not comprise more than 25% of the Account's net assets. The Account will invest the remaining portion of its assets (targeted between 15% and 25% of net assets) in publicly traded, liquid investments.

Learn More

For more information please contact:
800-842-2252
Weekdays, 8 a.m. to 10 p.m. (ET),
Saturdays, 9 a.m. to 6 p.m. (ET),
or visit TIAA.org

Performance

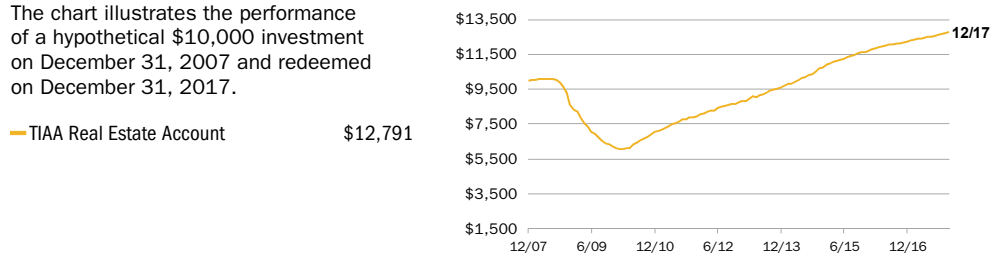
	Total Return		Average Annual Total Return				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
TIAA Real Estate Account	1.29%	4.37%	4.37%	5.90%	7.88%	2.49%	6.35%

The returns quoted represent past performance, which is no guarantee of future results. Returns and the principal value of your investment will fluctuate. Current performance may be higher or lower than that shown, and you may have a gain or a loss when you redeem your accumulation units. For current performance information, including performance to the most recent month-end, please visit TIAA.org, or call 800-842-2252. Performance may reflect waivers or reimbursements of certain expenses. Absent these waivers or reimbursement arrangements, performance may be lower.

- ¹ The total annual expense deduction, which includes investment management, administration, and distribution expenses, mortality and expense risk charges, and the liquidity guarantee, is estimated each year based on projected expense and asset levels. Differences between actual expenses and the estimate are adjusted quarterly and are reflected in current investment results. Historically, adjustments have been small.
- ² The Account's total annual expense deduction appears in the Account's prospectus, and may be different than that shown herein due to rounding. Please refer to the prospectus for further details.

Hypothetical Growth of \$10,000

The chart illustrates the performance of a hypothetical \$10,000 investment on December 31, 2007 and redeemed on December 31, 2017.



The total returns are not adjusted to reflect sales charges, the effects of taxation or redemption fees, but are adjusted to reflect actual ongoing expenses, and assume reinvestment of dividends and capital gains, net of all recurring costs.

Properties by Type (As of 12/31/2017)

	% of Real Estate Investments ^{3,4}
Office	41.9
Apartment	20.9
Retail	19.4
Industrial	14.4
Other	3.4

Properties by Region (As of 12/31/2017)

	% of Real Estate Investments ⁴
West	40.7
East	35.8
South	21.0
Midwest	2.5

³ Other properties represents interests in Storage Portfolio investments, a fee interest encumbered by a ground lease real estate investment and land.

⁴ Wholly owned properties are represented at fair value and gross of any debt, while joint venture properties are represented at the net equity value.



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Portfolio Composition (As of 12/31/17)

Investments by Type	% of Net Assets
Real Estate Properties (Net Of Debt)	54.1%
Real Estate Joint Venture And Limited Partnerships	24.1%
Short Term Investments	15.6%
Marketable Securities Real Estate Related	5.0%
Loans Receivable	1.2%
Other (Net Receivable/Liability)	0.0%

Top 10 Holdings⁵ (As of 12/31/17)

	% of Total Investments ⁶
Fashion Show	4.3%
DDR	4.1%
The Florida Mall	3.1%
1001 Pennsylvania Avenue	2.7%
Colorado Center	2.0%
Fourth and Madison	1.8%
501 Boylston Street	1.7%
99 High Street	1.7%
425 Park Avenue	1.5%
780 Third Avenue	1.4%

Market Recap

Economic Conditions Remain Supportive while Real Estate Market Conditions Softened Slightly

The Bureau of Labor Statistics reported that the U.S. economy added 611,000 jobs during the fourth quarter of 2017 compared to 384,000 jobs during the third quarter, which was impacted by several major hurricanes. Employment growth topped two million in 2017, when the U.S. labor market added nearly 2.1 million new jobs, compared with a gain of 2.2 million in 2016. The unemployment rate continued to trend lower, ending the fourth quarter at 4.1%, down from 4.2% in the third quarter and 4.7% at year-end 2016.

Finance and professional & business services are the primary drivers of office space demand. The financial services sector added 21,000 jobs as compared to 33,000 in the third quarter of 2017, while the professional and business services sector added 115,000 jobs compared to 120,000 previously. According to data from CB Richard Ellis Econometric Advisors ("CBRE-EA"), increasing supply contributed to an increase in the national office vacancy rate to 13% in the fourth quarter, as compared to 12.9% in the third quarter. Vacancy rates declined in 30 of the 63 markets tracked by CBRE-EA.

The national industrial availability rate remained essentially the same in the third quarter at 7.4%. CBRE-EA noted that supply is beginning to catch up to strong demand. Overall, availability rates decreased in 28 of the 64 industrial markets tracked by CBRE-EA. Continuing strength in domestic economic fundamentals including a labor market that is close to capacity, a modest uptick in wage growth, and a confident consumer base suggest that the industrial sector's already extended growth cycle still has some room to run.

The national apartment vacancy rate increased to 4.9% in fourth quarter 2017 from 4.8% in fourth quarter 2016. Of the 65 apartment markets tracked by CBRE-EA, data indicates that vacancy rates increased in 39 markets, and remained unchanged in three. Market conditions are expected to continue to soften as new supply delivers, however many markets have room to tighten. Generally, the U.S. economy continues to support strong rental demand and solid growth, but the evolving balance of supply and demand is likely to lead to further moderation in rent growth.

Preliminary data from the U.S. Census Bureau indicate that retail sales excluding motor vehicles and parts increased 2.6% during fourth quarter 2017 as compared to third quarter 2017. Availability rates increased to 9.6% for the fourth quarter as compared to 9.5% during third quarter, and a 50 bps increase from fourth quarter 2016. Retail market conditions have been challenged by declining brick and mortar sales and changing consumerism.

Note: Data subject to revision

Important Information

⁵ The top 10 holdings are subject to change and may not be representative of the Account's current or future investments. The holdings listed only include the Account's long-term investments. Money market instruments and/or futures contracts, if applicable, are excluded. The holdings do not include the Account's entire investment portfolio and should not be considered a recommendation to buy or sell a particular security.

⁶ Real estate fair value as of December 31, 2017, is presented gross of debt. Investments in joint ventures are presented at the Account's ownership interest.

Fashion Show is held in a joint venture with General Growth Properties, in which the Account holds 50% interest, and is presented gross of debt. As of December 31, 2017, this debt had a fair value of \$426.9 million.

DDR Joint Venture, in which the Account holds an 85% interest, consists of 23 retail properties located in 10 states, and is presented gross of debt. As of December 31, 2017, this debt had a fair value of \$596.1 million.

The Florida Mall is held in a joint venture with Simon Property Group, L.P., in which the Account holds a 50% interest, and is presented gross of debt. As of December 31, 2017, this debt had a fair value of \$173.0 million.

1001 Pennsylvania Avenue is presented gross of debt. As of December 31, 2017, this debt had a fair value of \$328.6 million.

Colorado Center is held in a joint venture with EOP Operating LP, in which the Account holds a 50% interest, and is presented gross of debt. As of December 31, 2017, this debt had a fair value of \$267.9 million.

Fourth and Madison is presented gross of debt. As of December 31, 2017, this debt had a fair value of \$199.8 million.

501 Boylston Street is presented gross of debt. As of December 31, 2017, this debt had a fair value of \$210.8 million.

780 Third Avenue is presented gross of debt. As of December 31, 2017, this debt had a fair value of \$168.7 million.

Real estate investment portfolio turnover rate was 2.7% for the year ended 12/31/2017. Real estate investment portfolio turnover rate is calculated by dividing the lesser of purchases or sales of real estate property investments (including contributions to, or return of capital distributions received from, existing joint venture and limited partnership investments) by the average value of the portfolio of real estate investments held during the period.

Marketable securities portfolio turnover rate was 5.7% for the year ended 12/31/2017. Marketable securities portfolio turnover rate is calculated by

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dividing the lesser of purchases or sales of securities, excluding securities having maturity dates at acquisition of one year or less, by the average value of the portfolio securities held during the period.

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A Note About Risks

In general, the value of the TIAA Real Estate Account will fluctuate based on the underlying value of the direct real estate or real estate-related securities in which it invests.

The risks associated with investing in the Real Estate Account include the risks associated with real estate ownership including among other things fluctuations in property values, higher expenses or lower income than expected, risks associated with borrowing and potential environmental problems and liability, as well as risks associated with participant flows and conflicts of interest. For a more complete discussion of these and other risks, please consult the prospectus.