

TIAA REAL ESTATE ACCOUNT

AS OF 9/30/2008

ESTIMATED ANNUAL EXPENSES
0.84% *

NET ASSETS
\$15.34 billion

INCEPTION DATE
10/02/1995

INVESTMENT OBJECTIVE

This variable annuity account seeks favorable long-term returns primarily through rental income and appreciation of real estate investments owned by the account.

PORTFOLIO STRATEGIES

- Seeks to invest between 75% and 90% of its assets directly in real estate or real estate-related securities.
- Purchases direct ownership interests in income-producing real estate, such as office, industrial, retail and multi-family residential properties. May also hold other real estate or real estate-related investments through joint ventures, real estate partnerships or real estate investment trusts (REITs), and in conventional mortgage loans, participating mortgage loans, common or preferred stock of companies that primarily own or manage real estate, and mortgage-backed securities. Can also make foreign investments, which are expected to be no more than 25% of the account's total assets.

Annuities are designed for retirement savings or for other long-term goals. They offer several payment options, including lifetime income. Payments from TIAA-CREF variable annuities are not guaranteed, and the payment amounts will rise or fall depending on investment returns.

Call our Enrollment Hotline:

800 842-2888 (weekdays 8 am to 10 pm ET, Saturdays 9 am to 6 pm ET)

Visit our website for a full menu of services at tiaa-cref.org



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PERFORMANCE

	TOTAL RETURN			AVERAGE ANNUAL TOTAL RETURN		
	3 Month	YTD	1 Year	5 Year	10 Year	Since Inception†
TIAA Real Estate Account	-2.07%	-1.12%	1.00%	10.83%	9.00%	8.93%

† From November 30, 2007 on, the since inception performance shown is computed from the inception date of the account (the date on which the account became publicly available). Previously, since inception performance for this account was computed from the net asset value per share on the day prior to the inception date.

The performance data quoted represents past performance and is no guarantee of future results. Your returns and the principal value of your investment will fluctuate so that your accumulation units, when redeemed, may be worth more or less than their original cost. Current performance may differ from figures shown above. For performance current to the most recent month-end, visit TIAA-CREF at tiaa-cref.org, or call 800 842-2252.

TOP 10 HOLDINGS

Property	% Total Investments†
DDR Joint Venture (USA) ¹	5.58
1001 Pennsylvania Avenue (DC) ²	3.87
Four Oaks Place (TX) ³	2.93
50 Fremont (CA) ⁴	2.82
Fourth and Madison (WA) ⁵	2.74
99 High Street (MA) ⁶	2.37
780 Third Avenue (NY)	2.31
The Newbry (MA)	2.20
Yahoo Center (CA)	2.17
Ontario Industrial Portfolio (CA) ⁷	2.14

† Value as reported in the 09/30/2008 Statement of Investments. Investments owned 100% by TIAA are reported based on market value. Investments in joint ventures are reported based on the equity method of accounting. The footnoted properties below are shown gross of debt.

¹ This property is held in a 85%/15% joint venture with Developers Diversified Realty Corporation and consists of 65 retail properties located in 13 states.

² The value of the Account's interest less leverage is \$426.6 million, representing 2.60% of the Total Investments.

³ The value of the Account's interest less leverage is \$282.6 million, representing 1.72% of the Total Investments.

⁴ The value of the Account's interest less leverage is \$330.1 million, representing 2.01% of the Total Investments.

⁵ The value of the Account's interest less leverage is \$306.1 million, representing 1.86% of the Total Investments.

⁶ The value of the Account's interest less leverage is \$216.3 million, representing 1.32% of the Total Investments.

⁷ The value of the Account's interest less leverage is \$342.4 million, representing 2.08% of the Total Investments.

PROPERTIES BY TYPE

	%††
Office	51.10
Retail	18.51
Industrial	15.56
Apartments	14.26
Other	0.57

PROPERTIES BY REGION

	%††
West	34.82
East	29.53
South	28.43
Midwest	3.22
Foreign	2.87
Other	1.13

†† Based on the total market value of TIAA's net equity less any debt in the account's properties as of 9/30/2008.

* We estimate expenses for the coming year based on projected expenses, asset levels and other relevant factors. At the end of each quarter, we compare these projections with the account's actual experience and adjust the account's expenses upward or downward to reflect any difference. These adjustments are made in equal daily installments over the remaining days of the new quarter.

MARKET RECAP

Continued job losses dampen U.S. real estate markets

The U.S. job market continued to contract in the third quarter of 2008. The Bureau of Labor Statistics reported that the economy shed 299,000 jobs during the three-month period, following a loss of 214,000 jobs in the second quarter. The construction, manufacturing and retail employment sectors were among the hardest hit. Employment expanded in the education and health services sector and in government.

Historically, demand for office space has been closely correlated with job creation in the financial sector and in professional and business services. Both sectors shrank in the third quarter, losing 29,000 and 93,000 jobs, respectively.

Torto Wheaton Research (TWR), an independent subsidiary of CB Richard Ellis and a widely used source of real estate market data, reported that national office market vacancies ticked up, reflecting local and national job cuts. Nationally, office vacancies averaged 13.5% in the third quarter, versus 13.2% at the end of the prior quarter. Vacancies declined in 18 of the 57 office markets tracked by TWR and remained unchanged in an additional four.

Vacancies in industrial markets continued to climb during the third quarter, to an average of 10.7%, from 10.3% in the second quarter. This marked the fourth consecutive quarter of rising industrial market vacancies, which TWR attributed to weak demand rather than to increased supply. Overall, vacancies declined in 14 of the 63 industrial markets tracked by TWR and remained unchanged in four others.

Preliminary estimates from TWR indicated that conditions in U.S. apartment markets weakened. A year-over-year comparison, which is necessary to take into account the effects of seasonal leasing patterns, showed that vacancies rose to an average of 5.7% in the third quarter of 2008, compared with 4.4% in the third quarter of 2007. TWR noted that job losses have contributed to a decline in rental demand, while the supply of new rental options, including single-family homes and condominiums, added to the imbalance.

In U.S. retail markets, neighborhood and community center vacancies rose to 10.1% in the third quarter, from 9.6% at the end of the second quarter. (Note: These figures reflect a recent change in the method TWR uses to calculate retail vacancy rates.) While gas prices have eased, continued job losses, declining home prices and slumping consumer confidence have caused households to slash spending. Sales reports from the nation's largest retailers showed sizable declines in September, heightening concern about the retail sector in advance of the all-important holiday sales period.

IMPORTANT INFORMATION

The real estate industry is subject to various risks, including fluctuations in property values, higher expenses or lower income than expected, and potential environmental problems and liability. For a detailed discussion of risk, consult the prospectus.

The TIAA Real Estate Account has filed a registration statement (including a prospectus) with the Securities and Exchange Commission (SEC). Before you invest, you should read the prospectus in that registration statement, along with other documents the account has filed with the SEC, for more complete information about the TIAA Real Estate Account and its offering of securities. You may get these documents for free by visiting EDGAR on the SEC website (www.sec.gov). You may also request the prospectus by calling toll-free 800 842-2776, or download a PDF copy at http://www.tiaa-cref.org/pdf/prospectuses/realestate_prosp.pdf.

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PORTFOLIO COMPOSITION

% Portfolio Investments	
Real Estate	83.2
Short-Term Investments	10.6
Other (Net Receivable/Liability)	4.0
Other RE-Related Investments	2.2

EXPENSES


Expenses are an important aspect of investing. To pay for the operation and management of an account, each investor is charged an expense fee, which is calculated as a percentage of the amount the investor has in the account. Even if the account loses money during a period, the fee is still charged. Although an annual expense fee may seem relatively small, its effect on performance over time can be substantial. TIAA-CREF has some of the lowest expense charges in the industry.*

* Morningstar Direct (February 2008) based on Morningstar expense comparisons by category.

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Since 1918, we have helped millions of people at America's academic, medical, cultural and research institutions plan for the future.

TIAA-CREF is one of the largest financial services organizations in the world, with \$398 billion in combined assets under management as of September 30, 2008.

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