

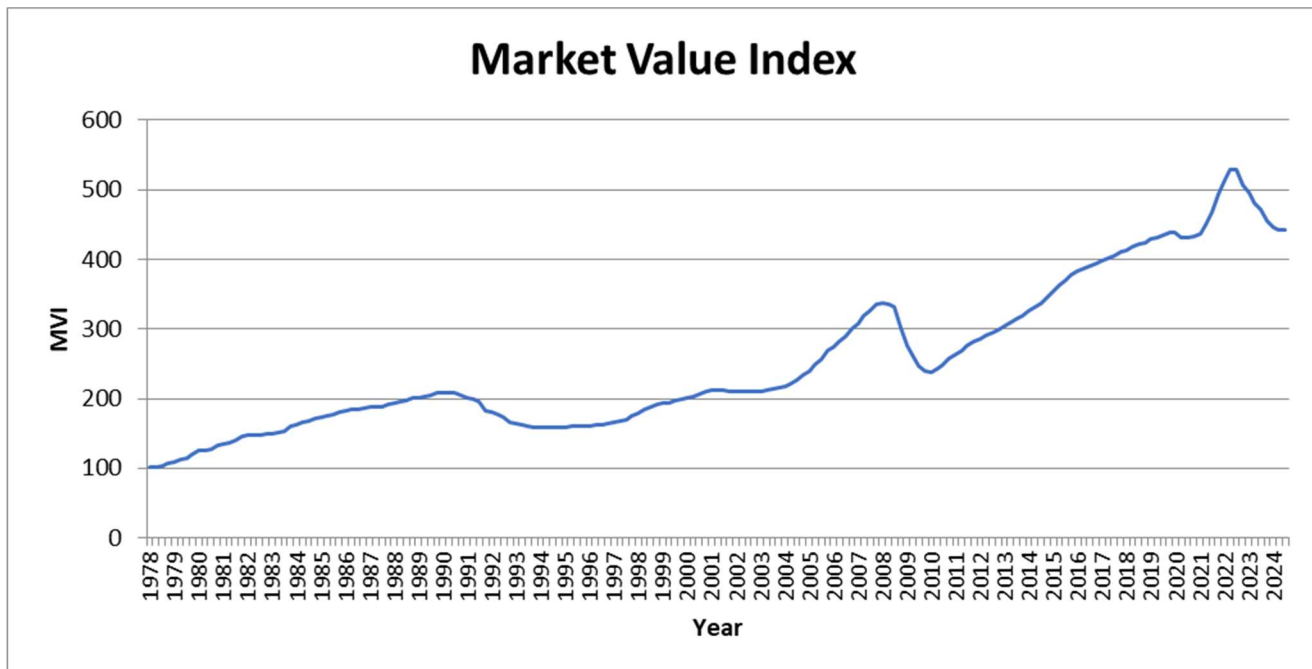


FOR IMMEDIATE RELEASE:

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Institutional Property Returns Turn Positive

CHICAGO, IL, October 25, 2024 –The National Council of Real Estate Investment Fiduciaries (NCREIF) has released third quarter 2024 results for the NCREIF Property Index (Charts and data in this Release refer to the Expanded NPI. We will, however, provide two Snapshot Reports for a limited time; one for Expanded NPI and one for Classic NPI.) The NPI includes 12,845 properties, totaling just under \$900 billion in market value. The Market Value Index of the properties in the NPI leveled off this quarter after eight straight quarters of decline. Returns for the NPI turned positive at 0.83% after seven quarters of negative returns. The returns are detailed in the attached Snapshot Report. The Expanded NPI includes all operating properties and enhances reporting to include several new property sectors and subsectors.

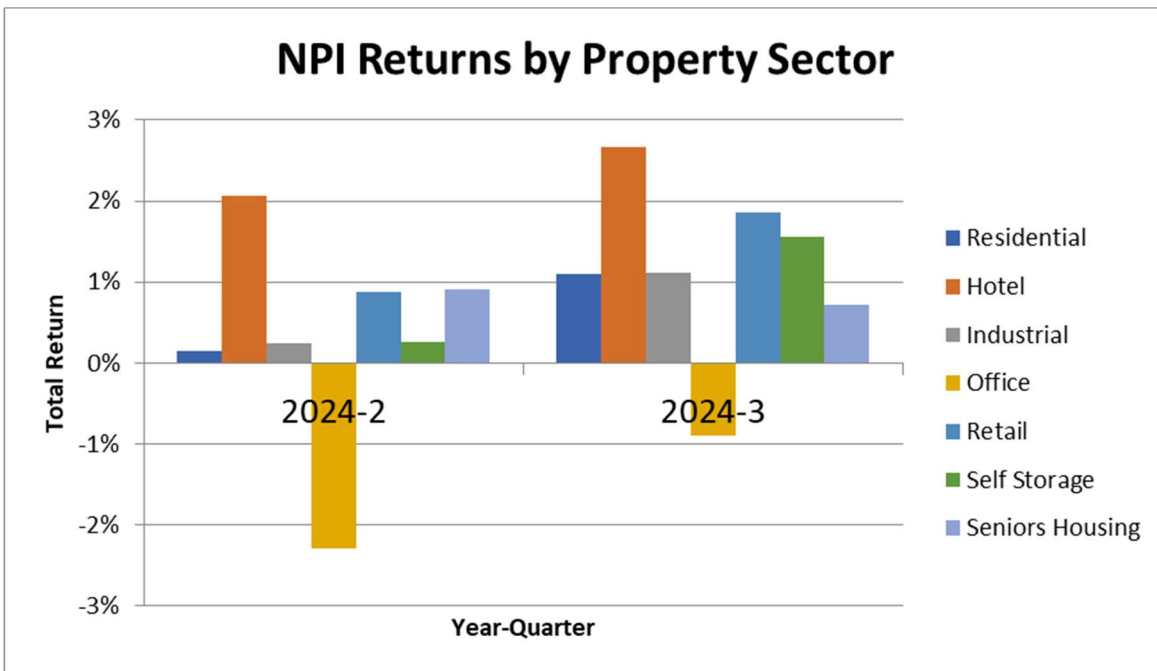


The positive 0.83% total quarterly return consisted of 1.20% from income and -0.37% from negative property appreciation. Appreciation is after the deduction of capital expenditures. The 0.83% return is the unleveraged return for “operating properties” held by institutional investors throughout the U.S.



All Sectors Positive except Office

All property sectors were able to produce positive returns this quarter with the exception of office properties that dragged down the returns. Hotels continued to have the highest return (2.67%) followed by retail (1.86%) and self-storage (1.55%). Industrial and residential properties were tied at a 1.11% return. The office sector continued to have the lowest returns at a negative 0.89%, which was an improvement over the negative 2.29% return the prior quarter.



Capitalization Rates and NOI Growth

Market value weighted capitalization (cap) rates based on appraisals for unsold properties in the index increased slightly to 4.75% compared to 4.73% in the prior quarter. While there are relatively few properties that are sold each quarter, for those properties that did sell, the average cap rate was significantly higher at 5.93%, up from 5.47% the prior quarter. NOI growth during the third quarter increased to 1.43% from 0.72% the prior quarter.

About the NCREIF Property Index

The expanded NPI consists of 12,845 investment-grade, income-producing properties with a market value of \$894 billion and includes property data covering over 100 markets (core-based statistical areas or CBSAs). The market value breakdown by property type is about 20% office, 28% residential, 13% retail, 32% industrial with the remaining 7% consisting of hotel, self-storage, and seniors housing and “other” sectors. In addition, within each property type, data are further stratified by sub-type. These data enhance the ability of institutional investors to evaluate the risk and return of commercial real estate across the United States.

Webinar

NCREIF will hold a webinar on Tuesday, November 12th, 2024 at 1:00 CST to discuss the NCREIF Property Index (NPI) in more detail as well as a discussion of other trends based on the NCREIF data. [Click here to register for the webinar.](#) An online replay of the webcast will be available on NCREIF’s website at www.NCREIF.org.

The National Council of Real Estate Investment Fiduciaries (NCREIF) is an association of professionals with significant involvement and interest in pension fund real estate investments who come together to address vital industry issues and to promote research on the asset class.

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