

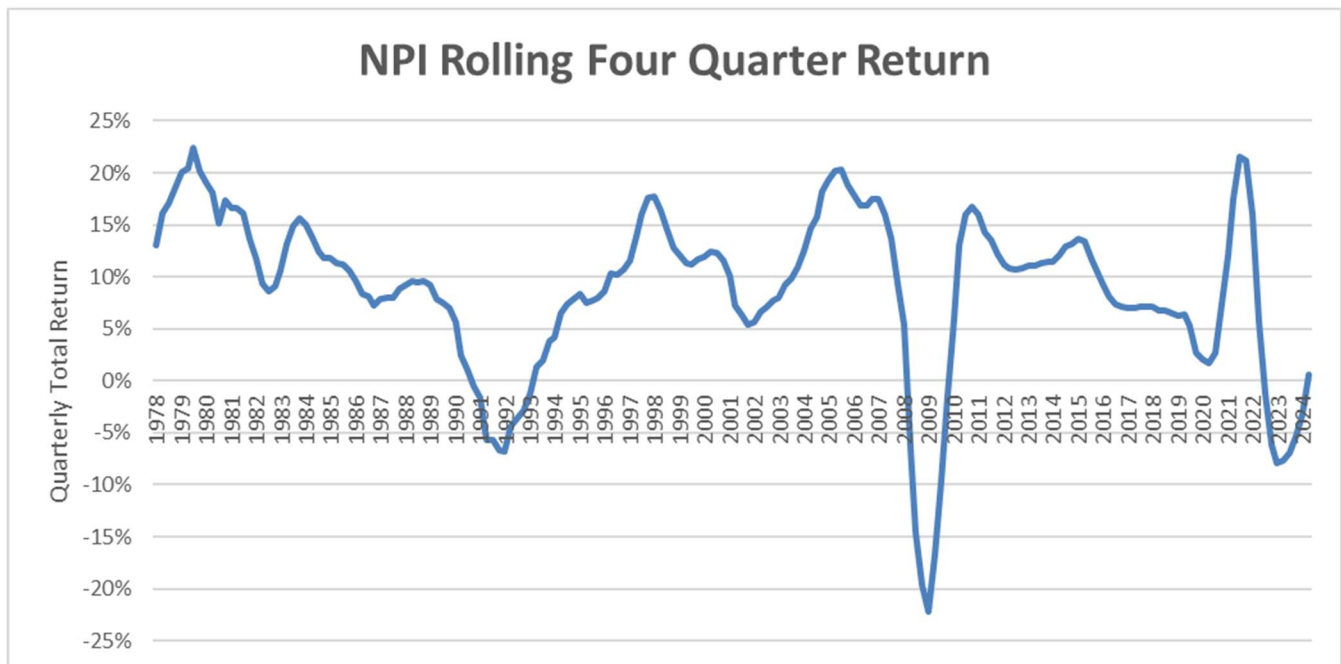


FOR IMMEDIATE RELEASE:

CONTACT:
Dan Dierking
312-819-5890

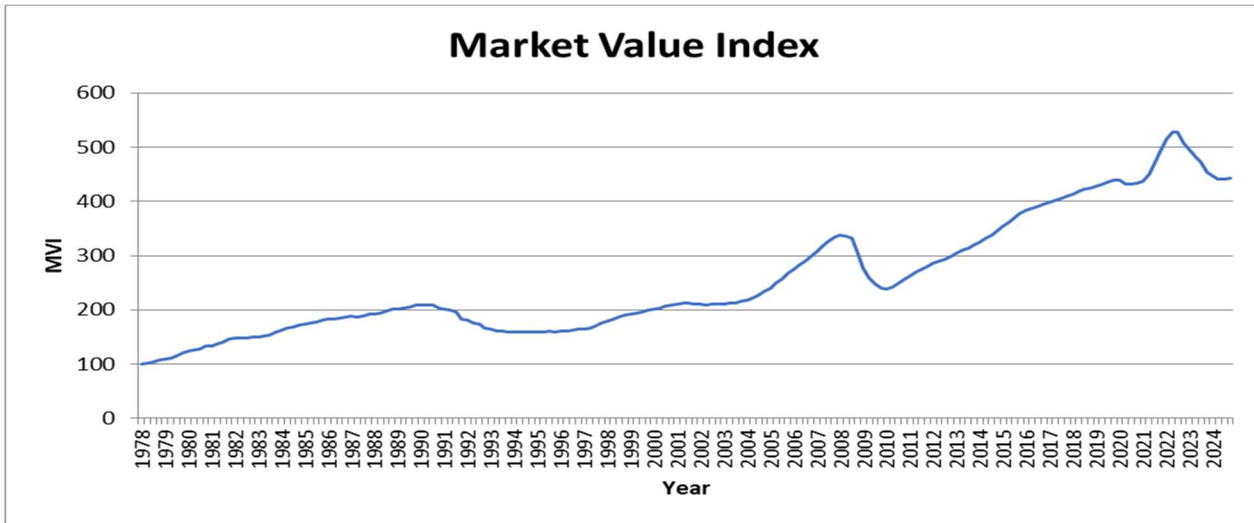
Institutional Property Returns End the Year in Positive Territory

CHICAGO, IL, January 25, 2025 –The National Council of Real Estate Investment Fiduciaries (NCREIF) has released fourth 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 12,767 properties, totaling just under \$900 billion in market value. Returns for the NPI were negative for the first two quarters of the year but turned positive for the last two quarters resulting in a return for the entire year that was back in positive territory at 0.59%. The returns are detailed in the attached Snapshot Report. The Expanded NPI includes all operating properties held in funds managed by NCREIF data contributing members.



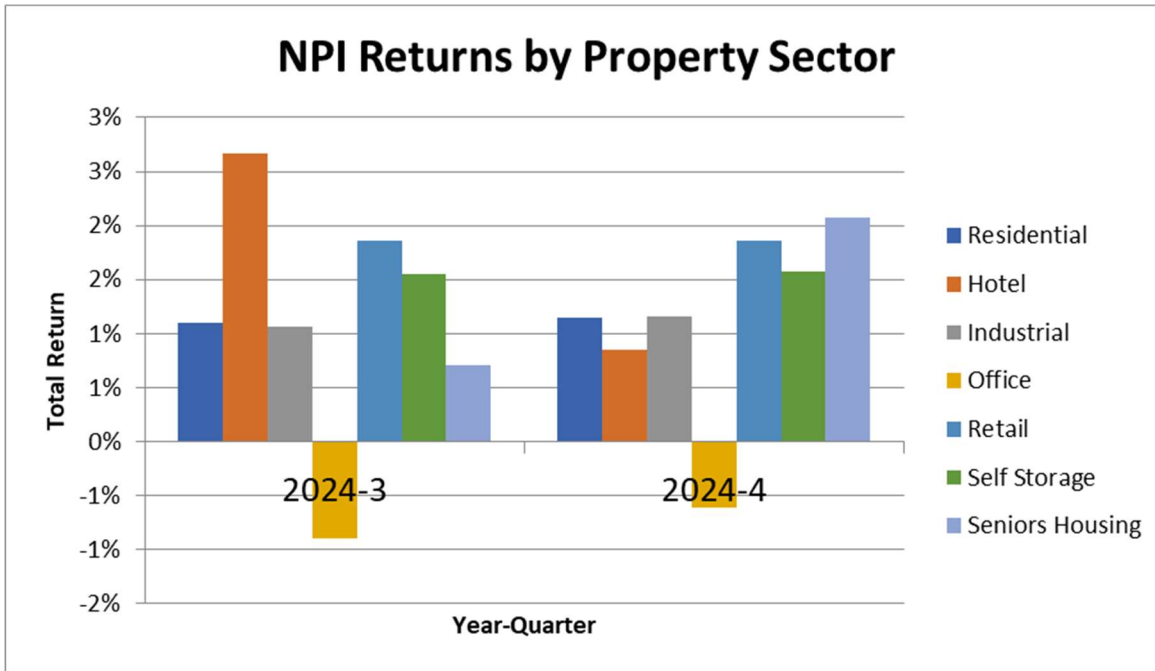
The return for the 4th quarter of 2024 was 0.94%, up from 0.82% the prior quarter. The positive 0.94% quarterly total return consisted of 1.17% from income and -0.24% from negative property appreciation. Appreciation is after the deduction of capital expenditures. Returns are reported on an unleveraged basis for the properties held by the funds and are calculated before consideration of investment advisory fees. The NPI is based on value weighting individual property returns.

The market value of properties in the NPI index increased slightly during the 4th quarter after dropping for 9 consecutive quarters.



All Sectors Continue to have Positive Returns Except Office

All property sectors were able to produce positive returns this quarter with the exception of office properties that dragged down the returns. Seniors housing took the lead with a quarterly return of 2.07% followed by retail at 1.86%, which has recovered significantly since COVID. Self-storage was in third place with a return of 1.57%. Residential properties which consist of apartments, student housing, manufactured housing and single-family rental properties had a return of 1.17%. The industrial sector, which consists mainly of warehouse properties, had the next highest return at 1.15%. Hotels fell from having the highest return of any sector in the 3rd quarter of 2024 (2.67%) to have a return of 0.85% during the 4th quarter. Finally, the office sector which has suffered from work-from-home trends that started with COVID had a negative 0.62% return which was a slight improvement over the negative 0.89% return in the 3rd quarter of 2024.



Capitalization Rates and NOI Growth

Market value weighted capitalization (cap) rates based on appraisals for unsold properties in the index declined slightly to 4.65% compared to 4.69% 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 rose from 5.46% to 5.60%. Note that the appraisal and transaction cap rates are trailing NOI cap rates based on the accounting NOI reported for properties in the NPI. NOI growth during the fourth quarter turned slightly negative at -0.05% after being positive for all the other quarters in 2024.

About the NCREIF Property Index

The expanded NPI consists of 12,767 investment-grade, income-producing properties with a market value of \$883 billion and includes property data covering over 100 markets (core-based statistical areas or CBSAs). The market value breakdown by property type is about 19% office, 28% residential, 13% retail, 33% 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.

Quarterly Index Release Webinar

NCREIF will hold a webinar on Thursday, February 13th, 2025, 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. Register [here](#) 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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