NCREIF

National Council of Real Estate Investment Fiduciaries

Third Quarter 2025

Data and Indices Results Webinar

Today's Panelists

Jeff Fisher, Ph.D.

NCREIF Data, Research & Education Consultant

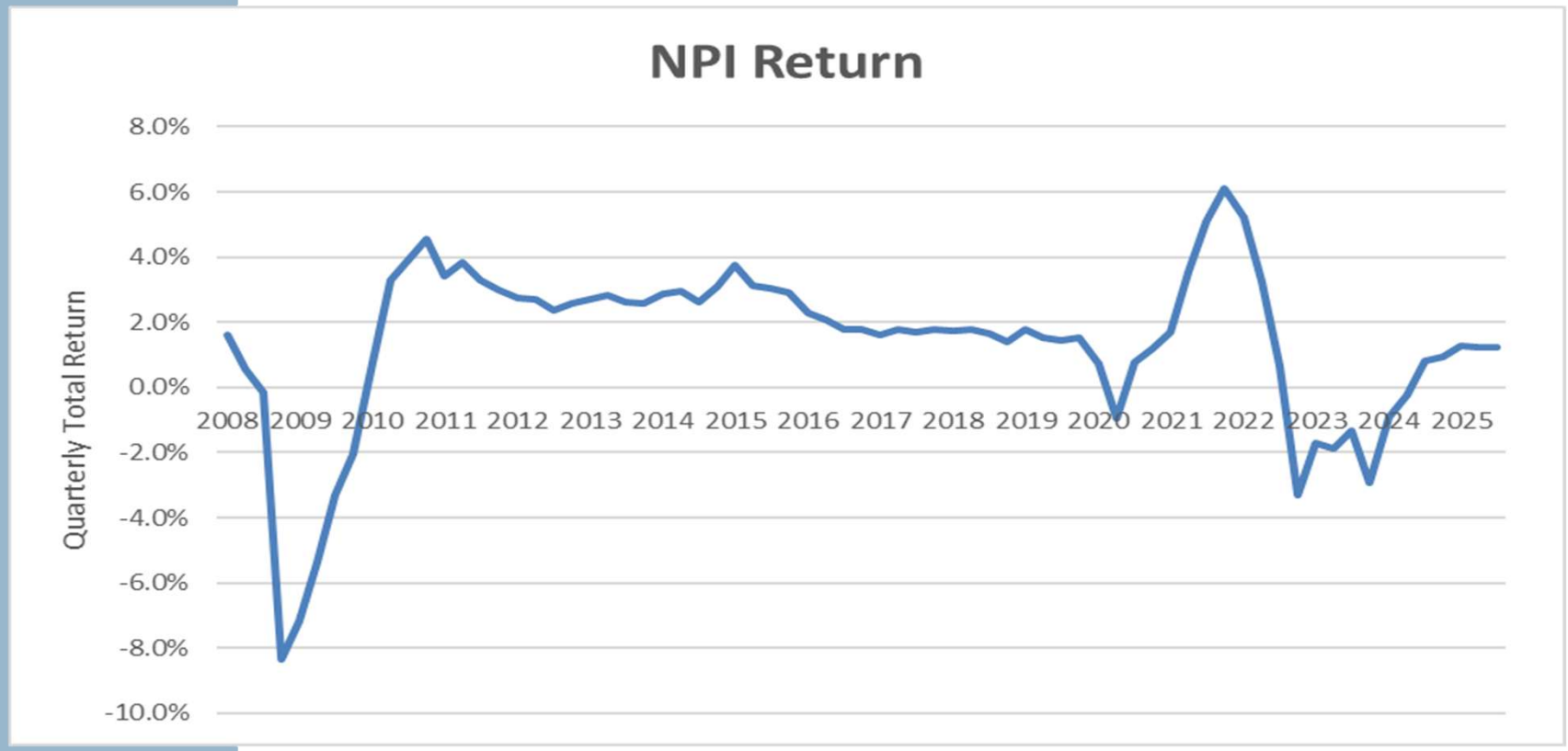
Mark Fitzgerald

Head of Research, Affinius Capital

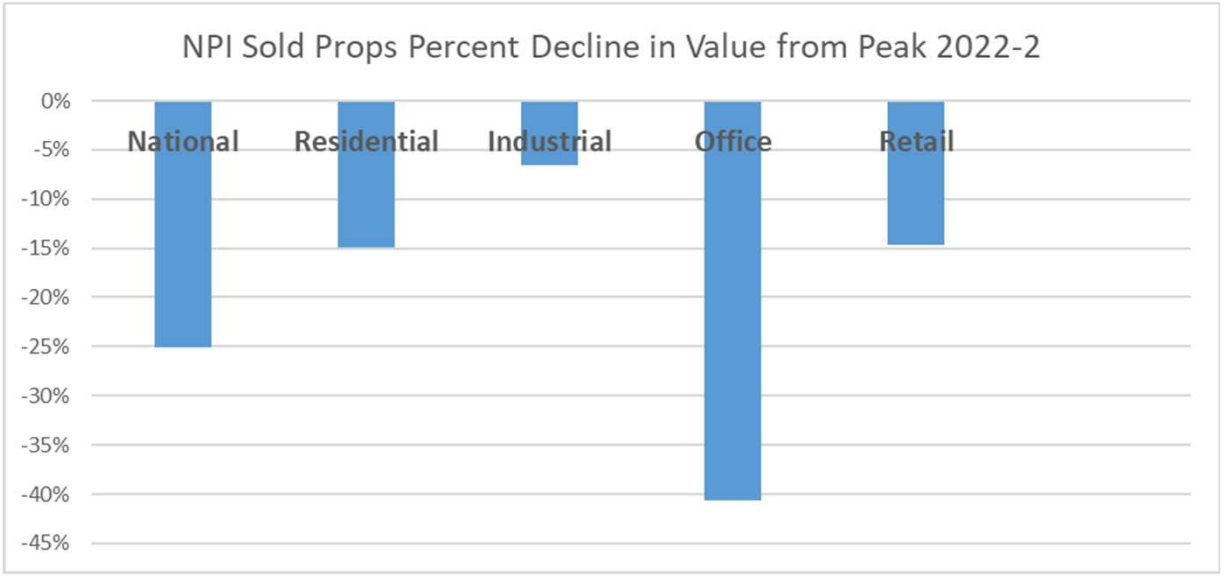
Disclaimer

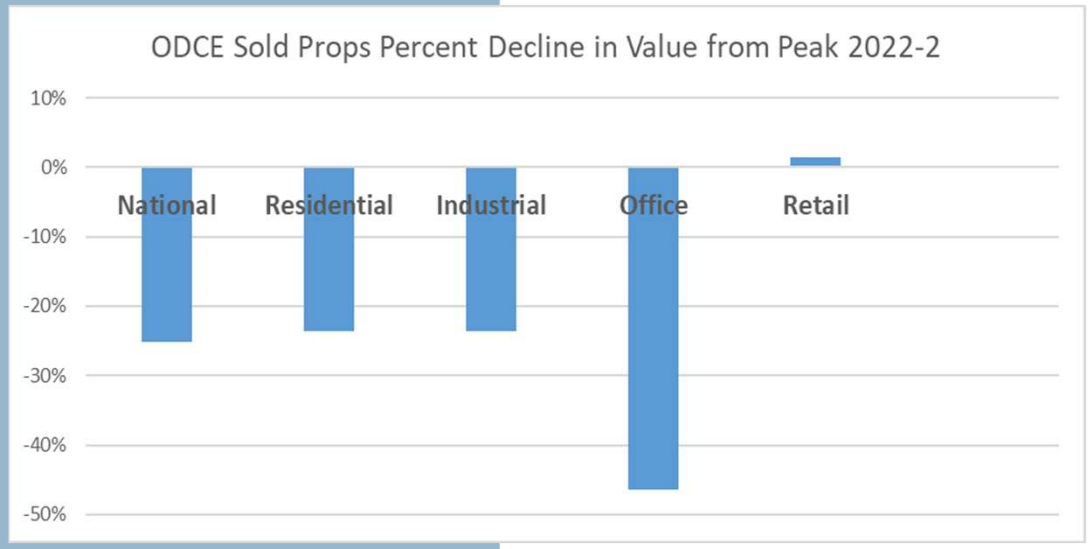
All comments about future expectations are the **personal views of the speakers** and **NOT a "NCREIF opinion" or "NCREIF forecast",** and should not be relied upon for investment decisions.

Returns in a Holding Pattern



Sold Props Still Down from Peak Appraisal





Negative IRR and TWR from peak to Current Qtr for NPI

NCREIF

IRR Query Tool

About

irr.ncreif.org

Property Type: All Types | CBSA: Entire Nation

Start Date (YYYYQ): 20224 | End Date (YYYYQ): 20253

☐ Edit Filter Criteria

User Name: jfisher@ncreif.org | Password:

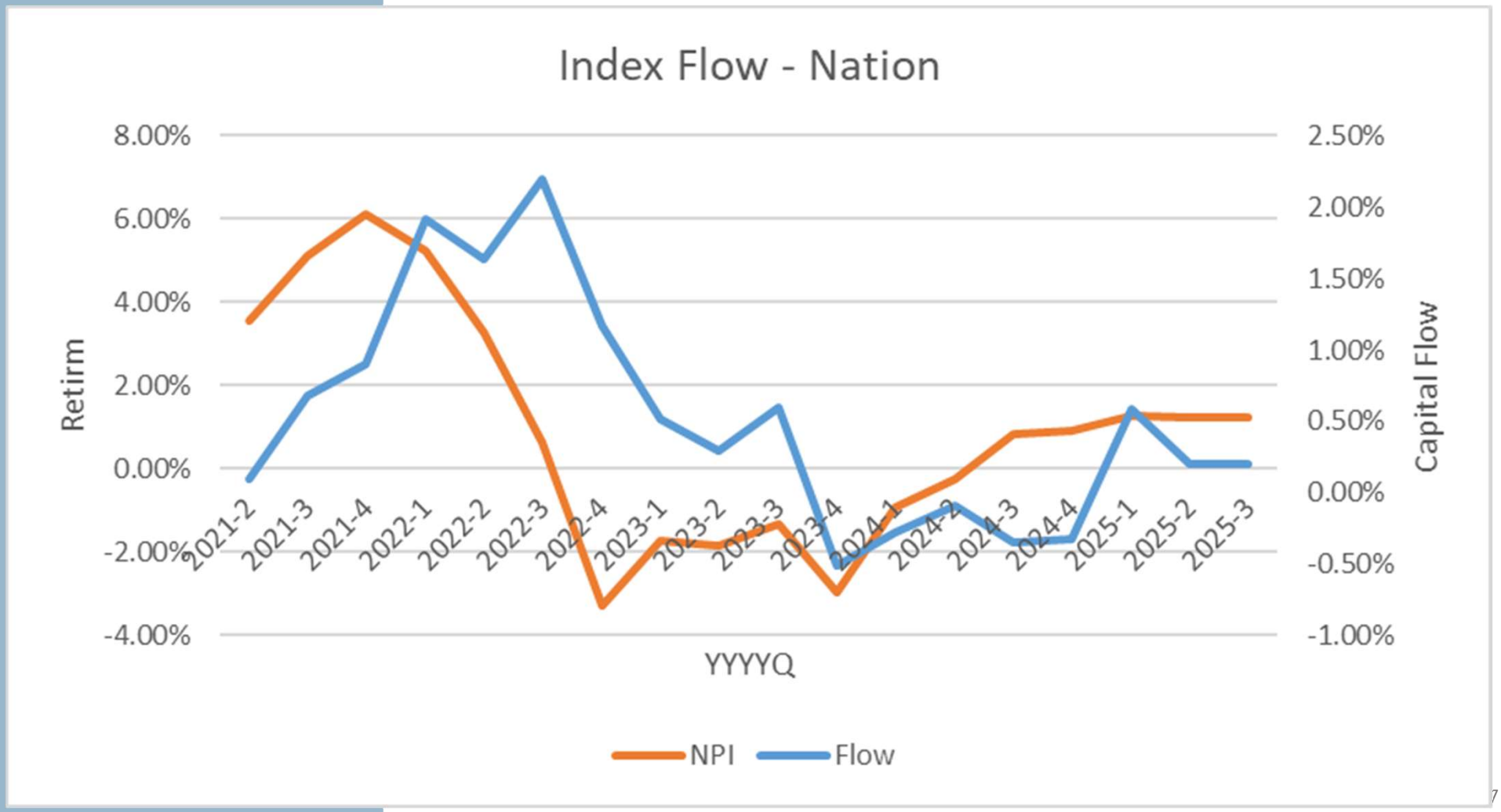
Execute Query

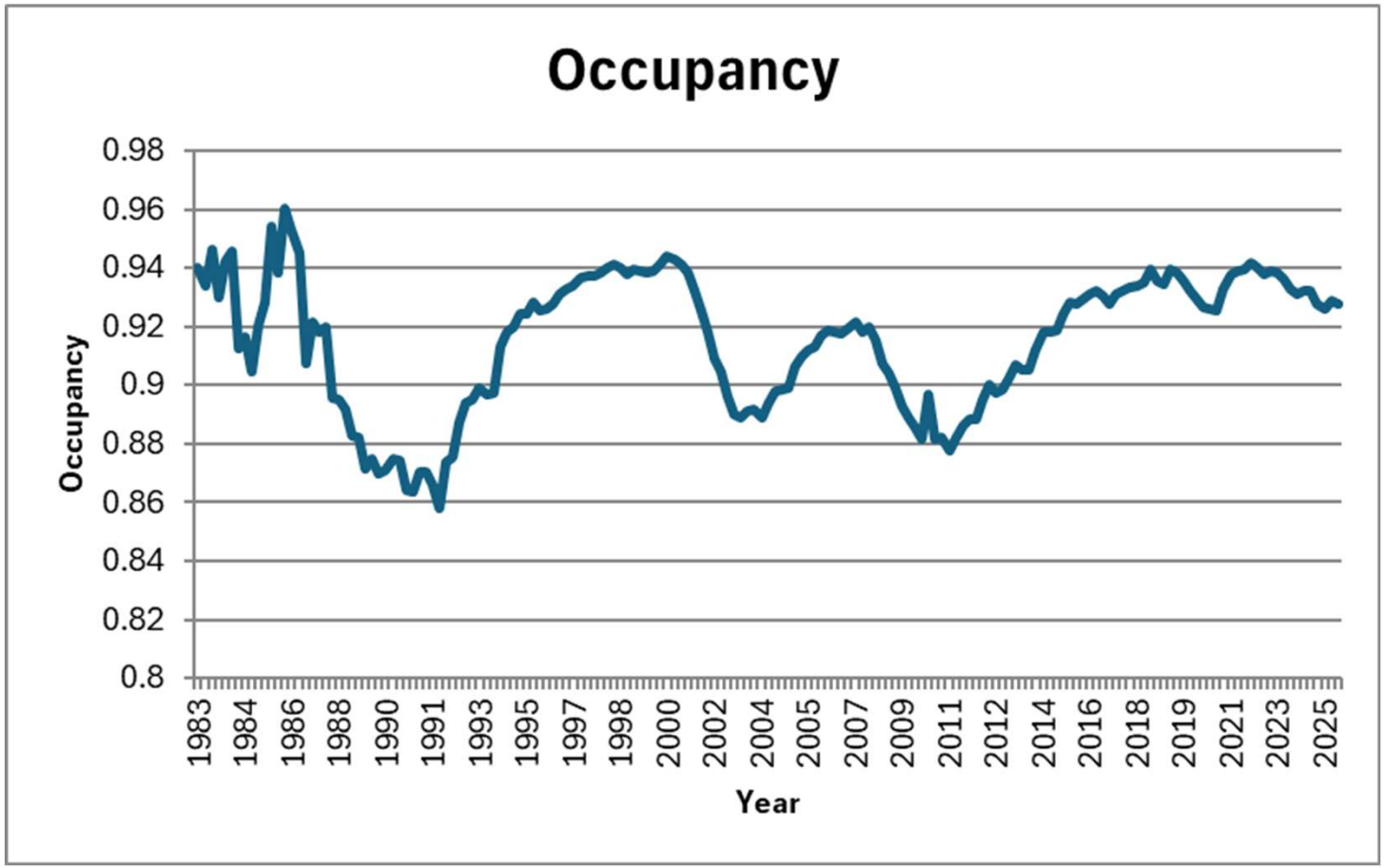
IRR: -2.45% | Time Weighted Return: -2.31%

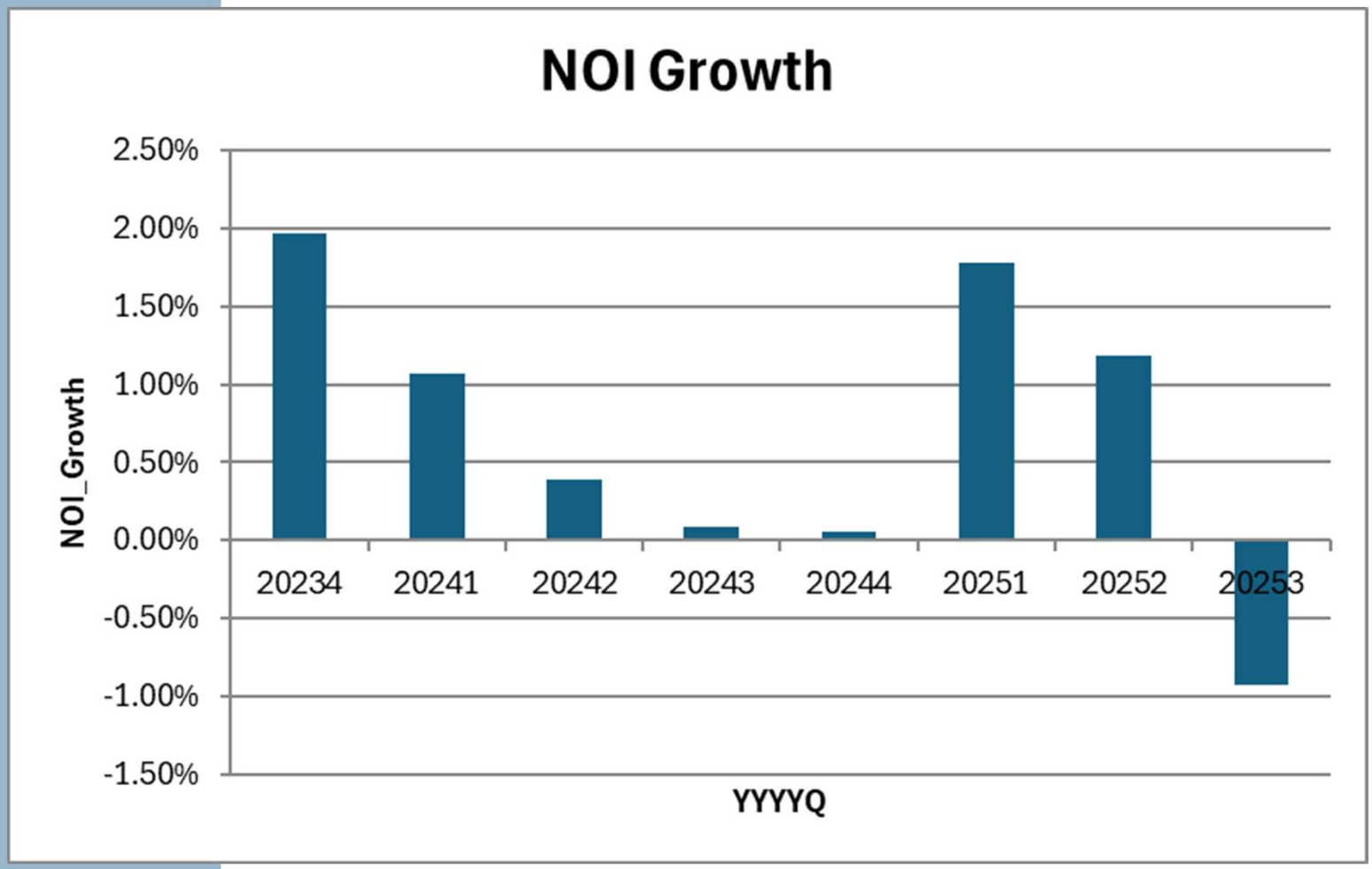
IRR Components:

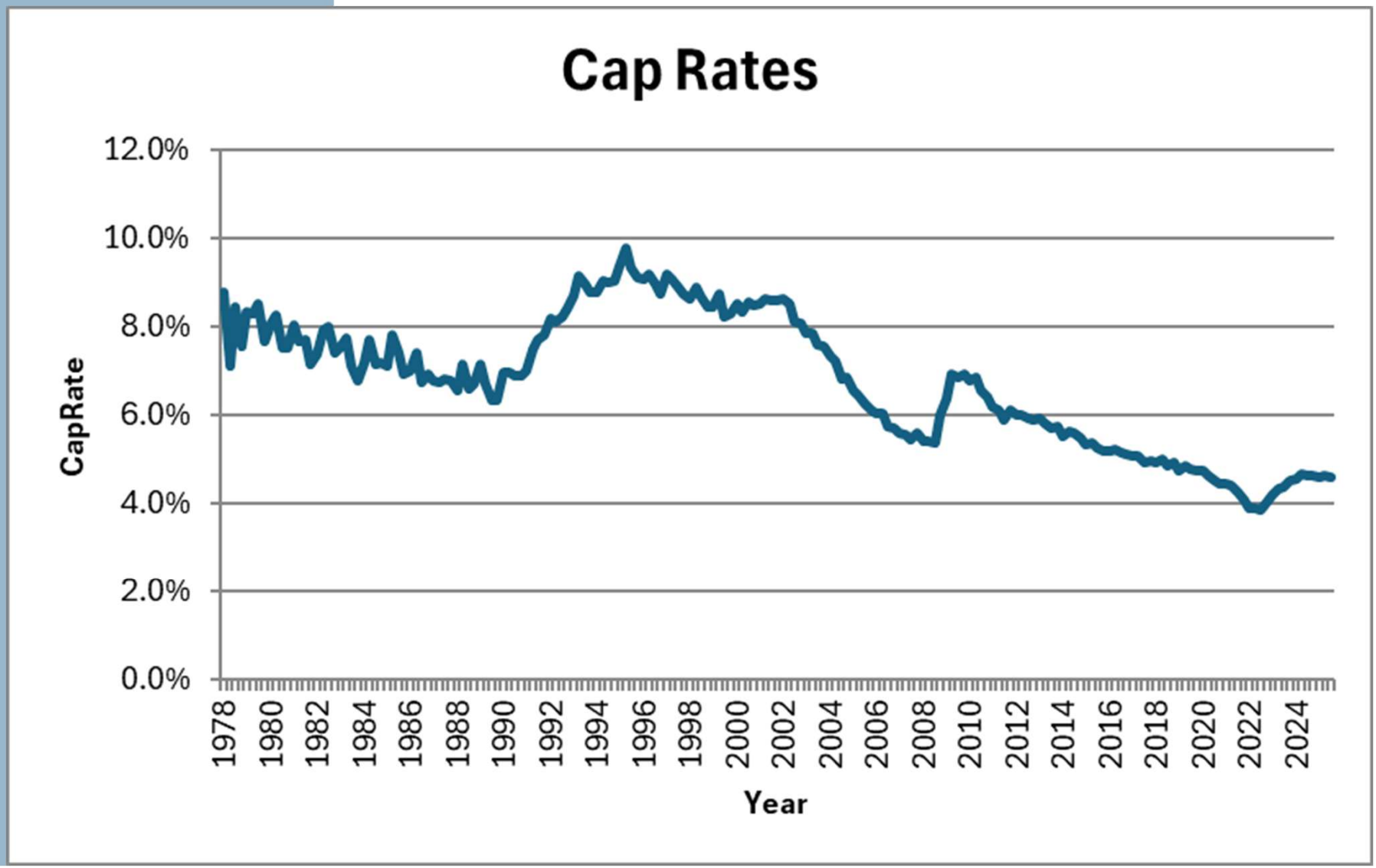
Initial CF Yield: 2.63% | CF Change: 1.70% | Yield Change: -6.65% | Interaction: -0.13%

Net Flows to Index lags Returns




Occupancy
0.98
0.96
0.94
0.92
0.9
0.88
0.86
0.84
0.82
0.8
Occupancy
1983
1984
1986
1988
1990
1991
1993
1995
1997
1998
2000
2002
2004
2005
2007
2009
2011
2012
2014
2016
2018
2019
2021
2023
2025
Year


NOI Growth
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
-0.50%
-1.00%
-1.50%
NOI_Growth
20234
20241
20242
20243
20244
20251
20252
20253
YYYYQ


Cap Rates
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
CapRate
1978
1980
1982
1984
1986
1988
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
2024
Year

Real Estate Pricing

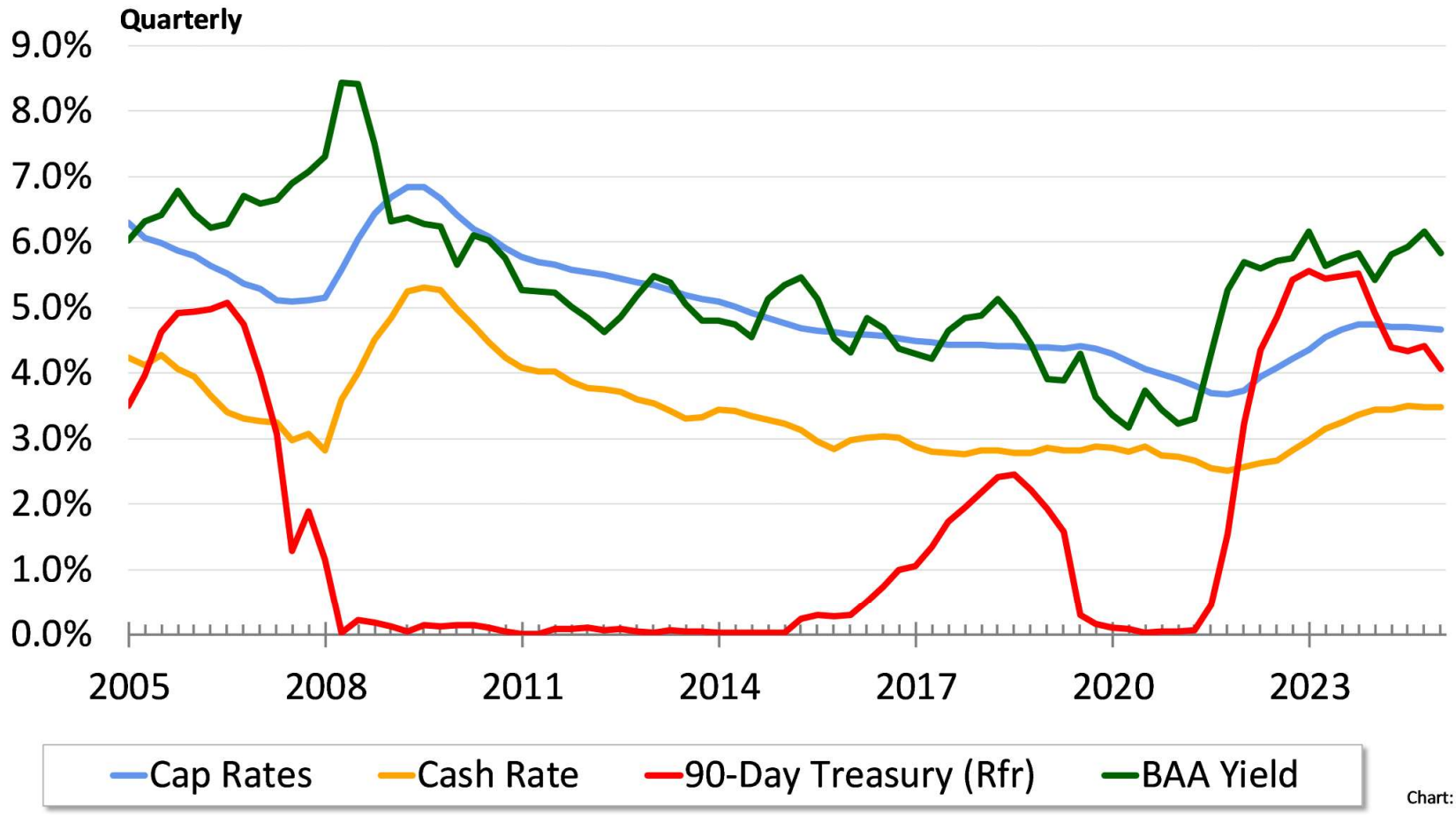
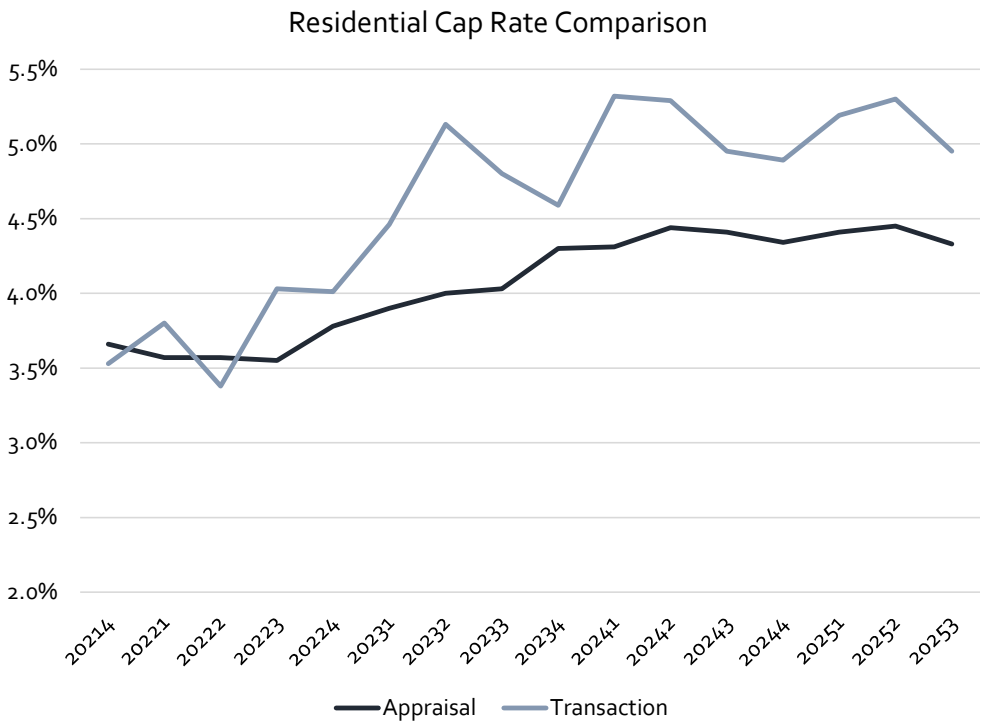
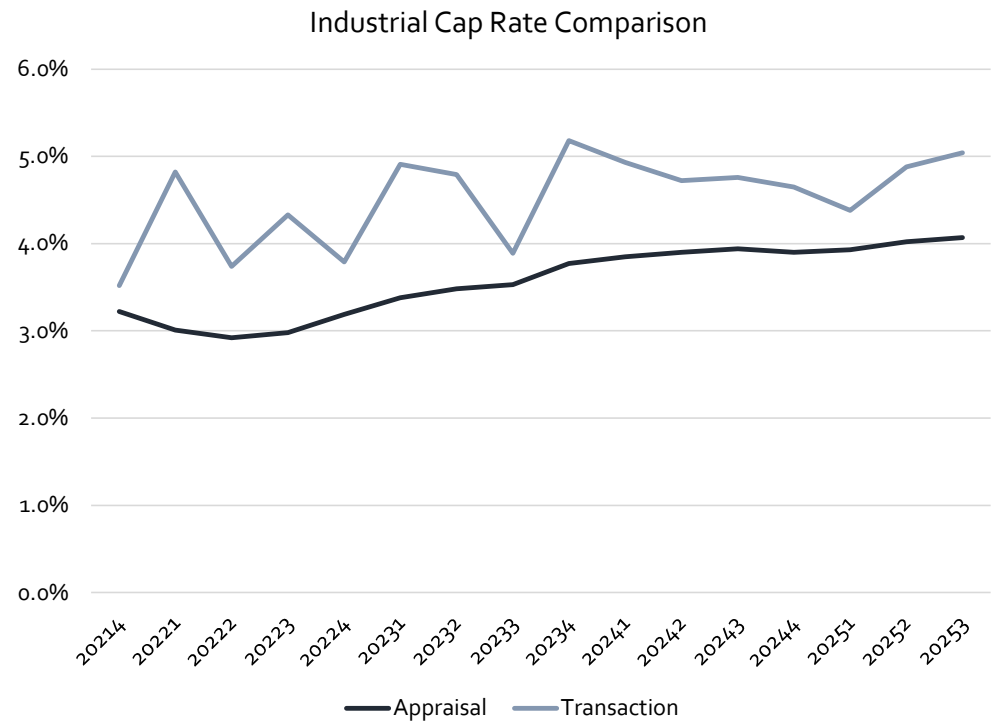
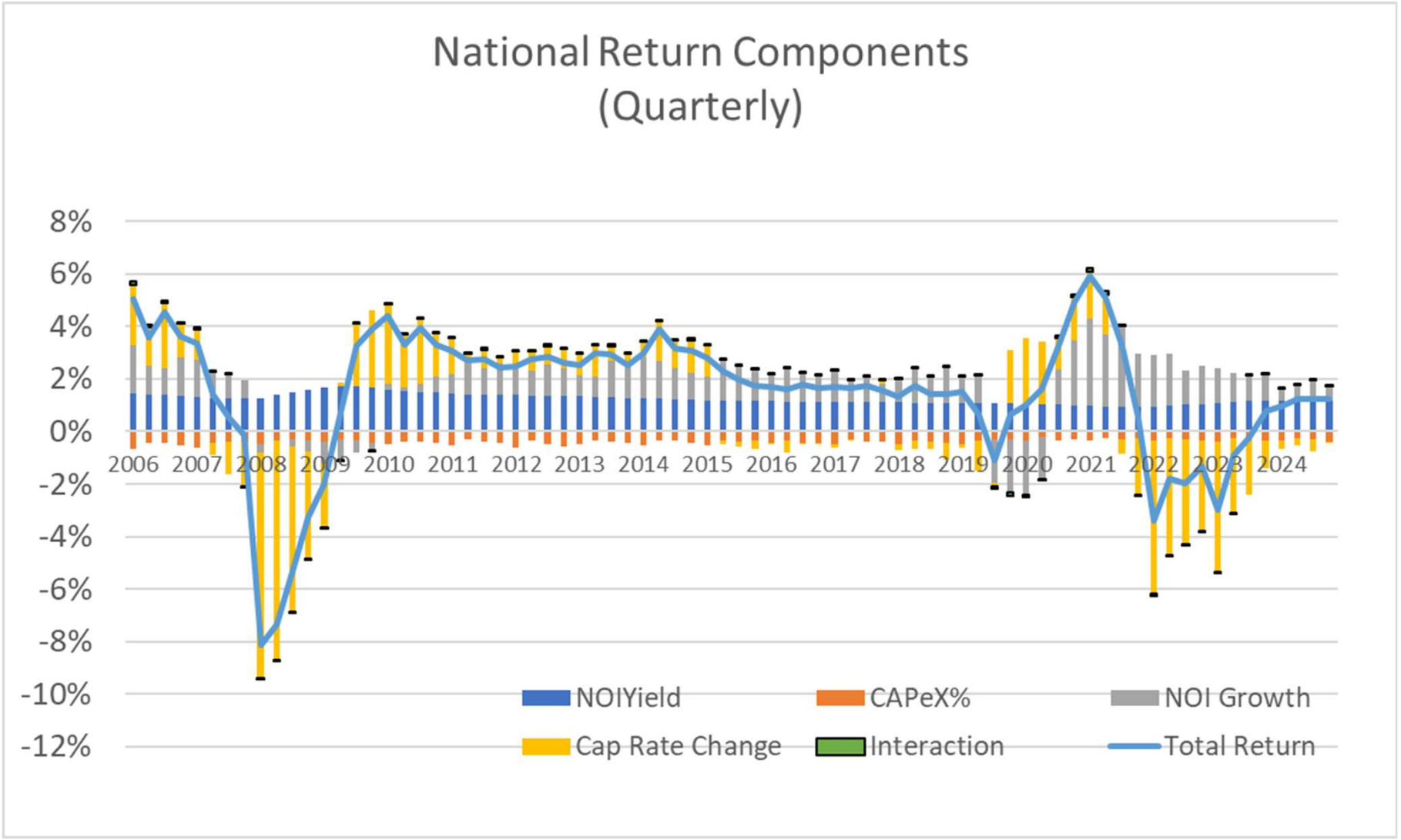


Chart: C-003-2510

NPI Appraisal vs. Transaction Cap Rate Spreads






National Return Components
(Quarterly)
8%
6%
4%
2%
0%
-2%
-4%
-6%
-8%
-10%
-12%
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
NOIYield
CAPeX%
NOI Growth
Cap Rate Change
Interaction
Total Return

Question

NPI returns for 2026 will be

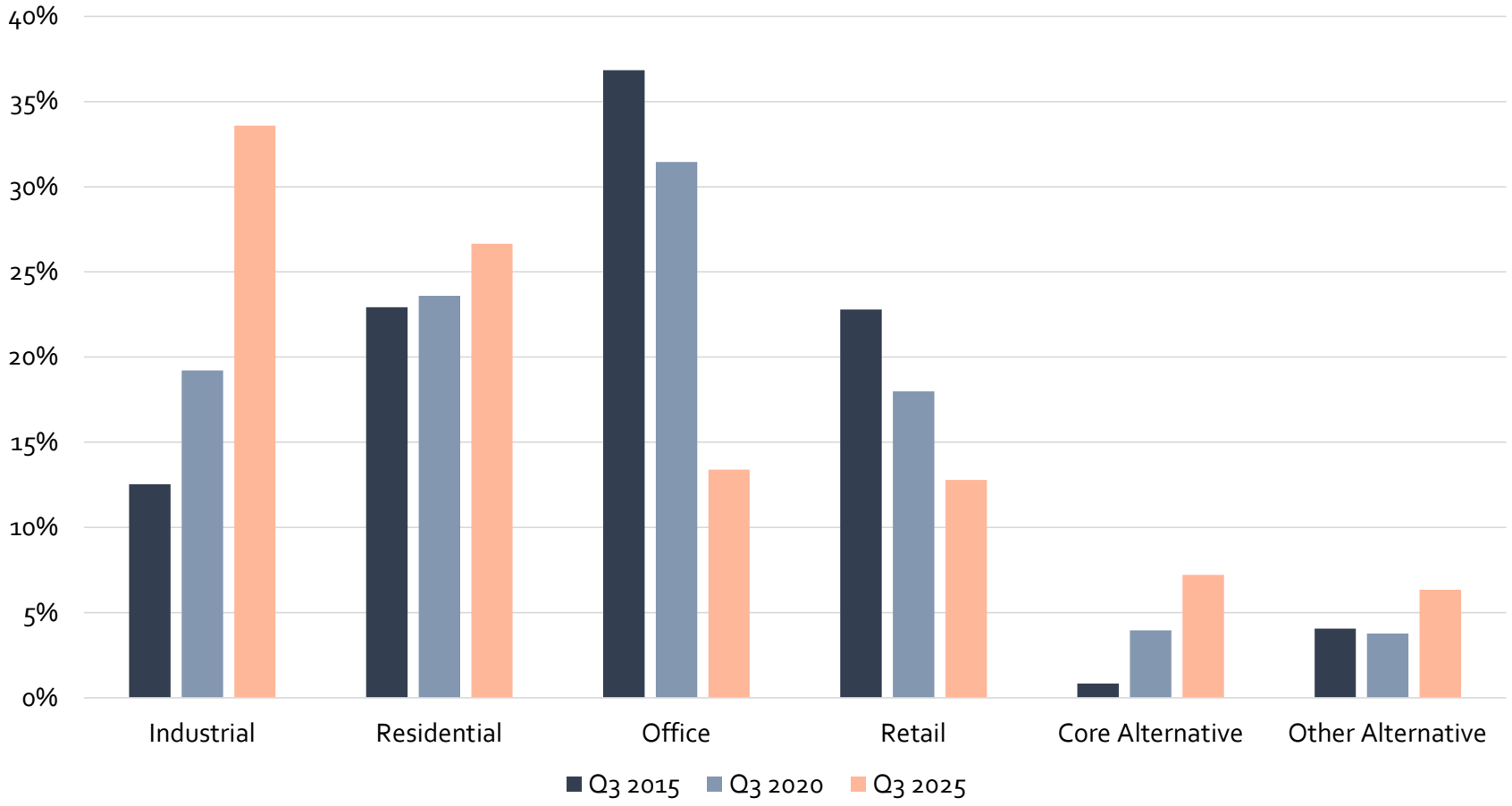
A. Somewhat higher.

B. About the same.

C. Somewhat lower.

D. Have no idea.

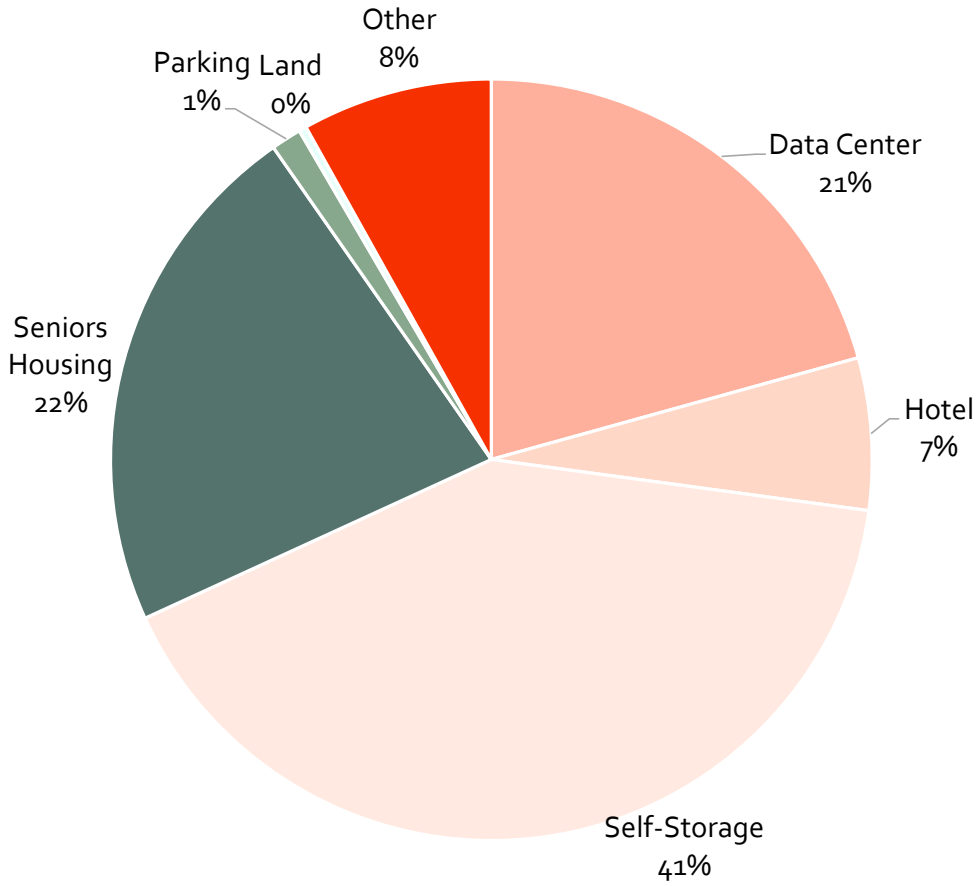
NPI Allocations by Property Sector



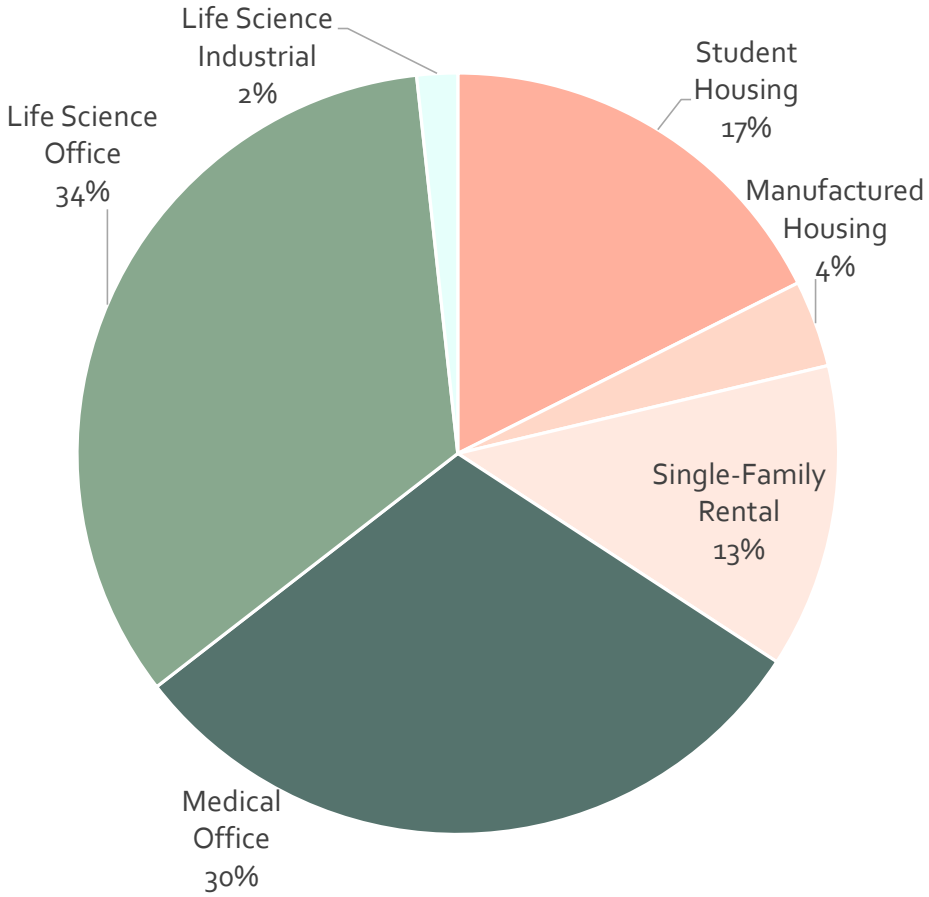
Note: Major sector allocations include only "traditional" subtypes

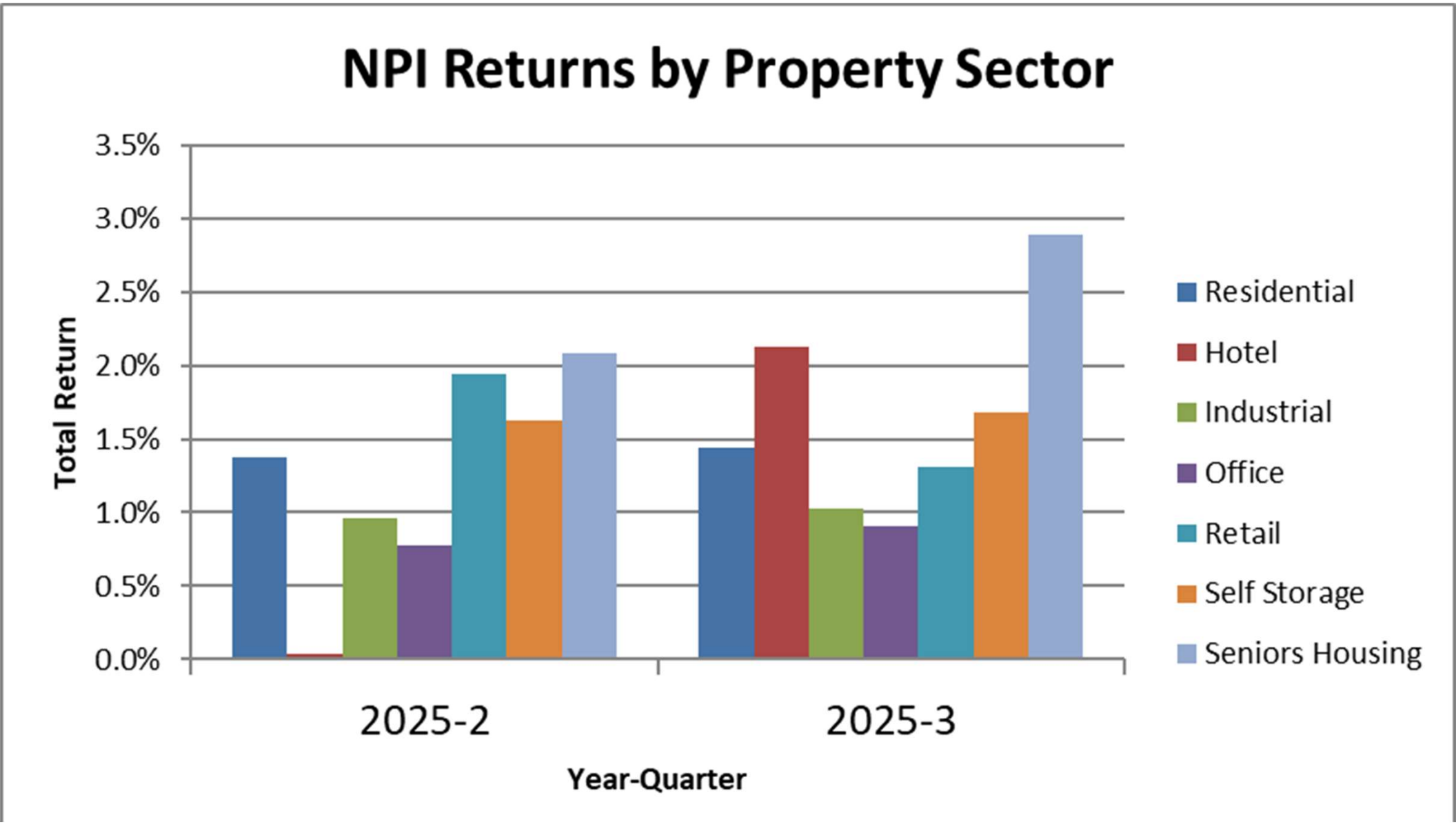
NPI Allocations in the Alternative Buckets

Other Alternatives

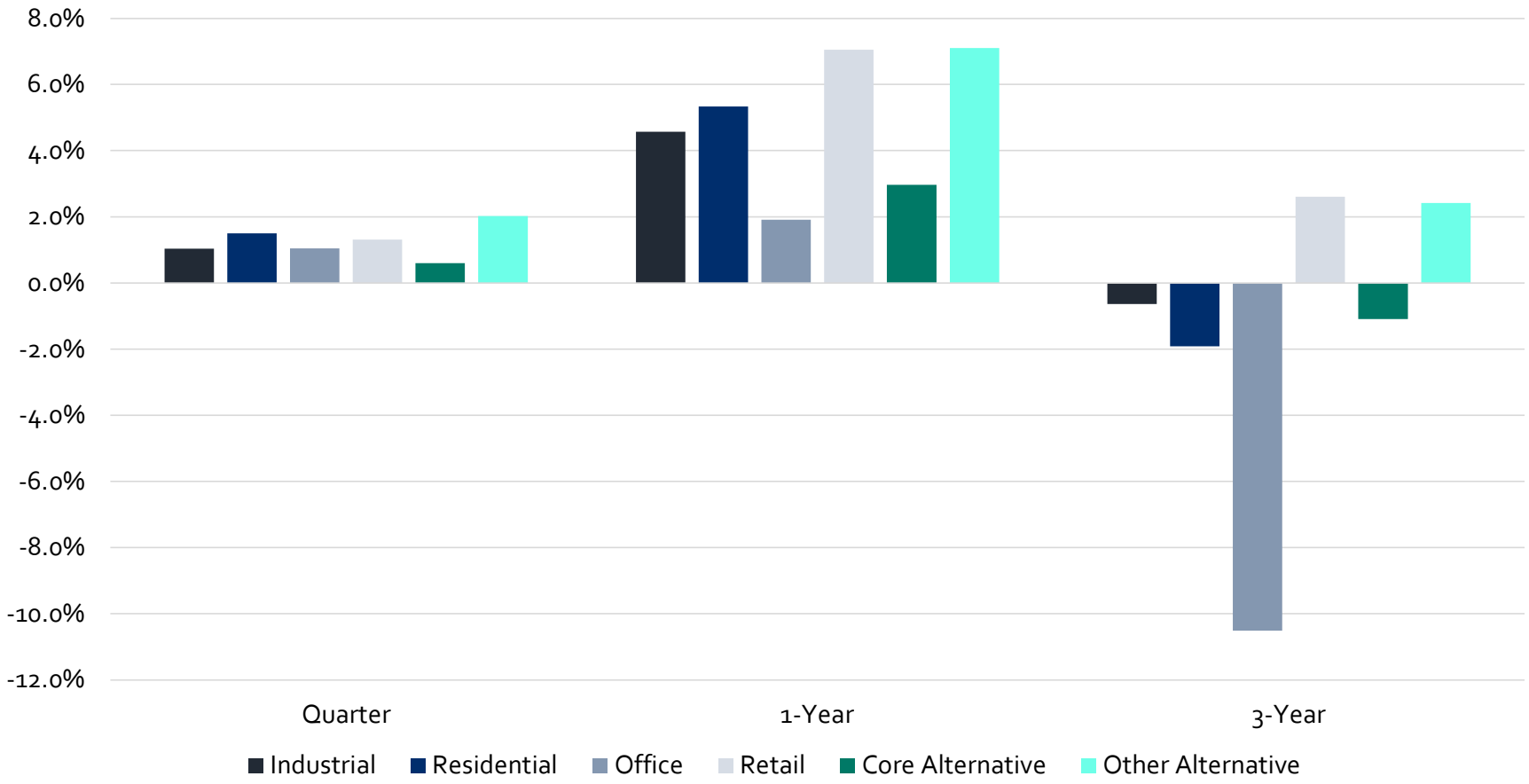


Core Alternatives



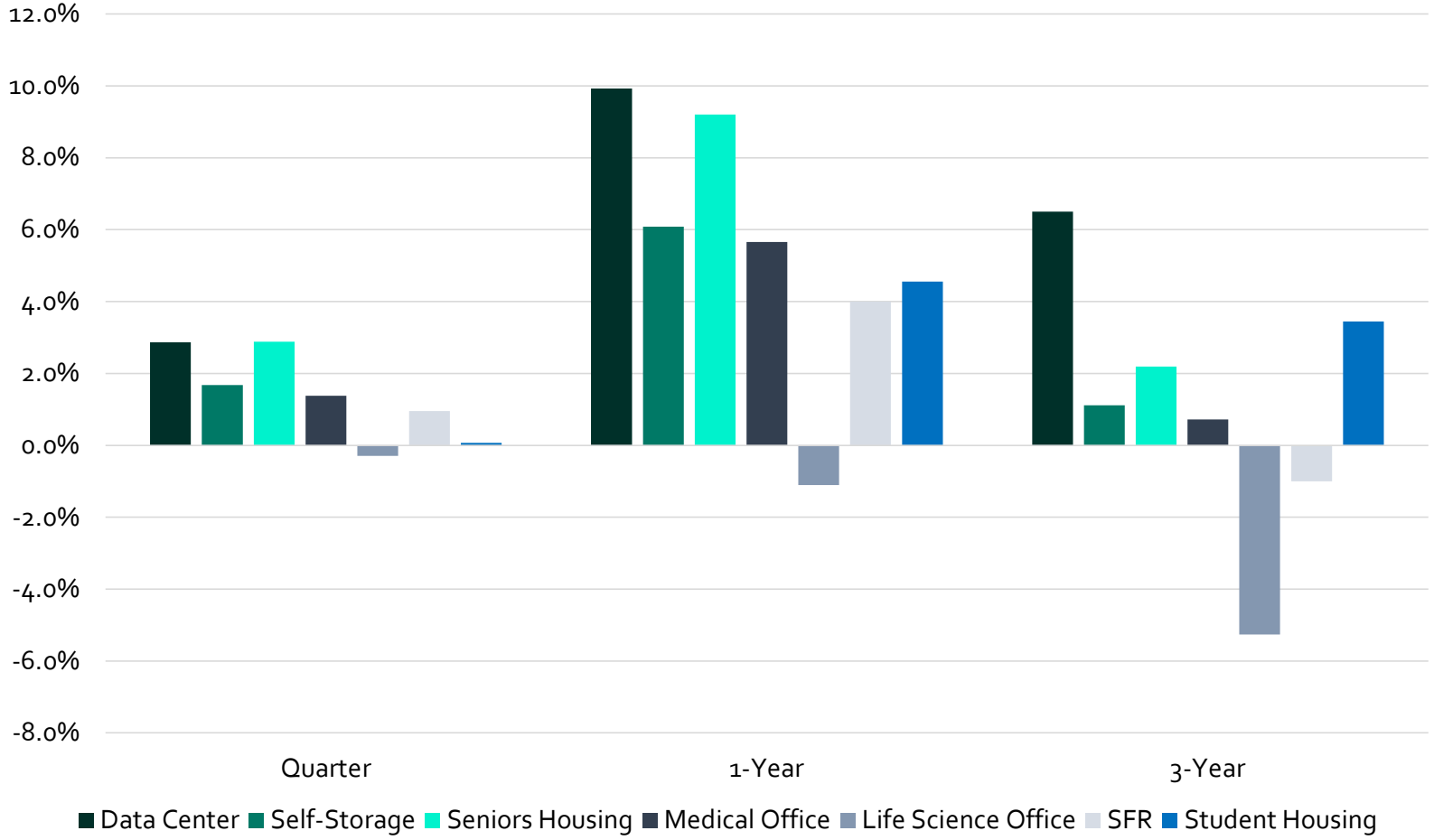

NPI Returns by Property Sector
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
Total Return
2025-2
2025-3
Year-Quarter
Residential
Hotel
Industrial
Office
Retail
Self Storage
Seniors Housing

NPI Returns Across Sectors



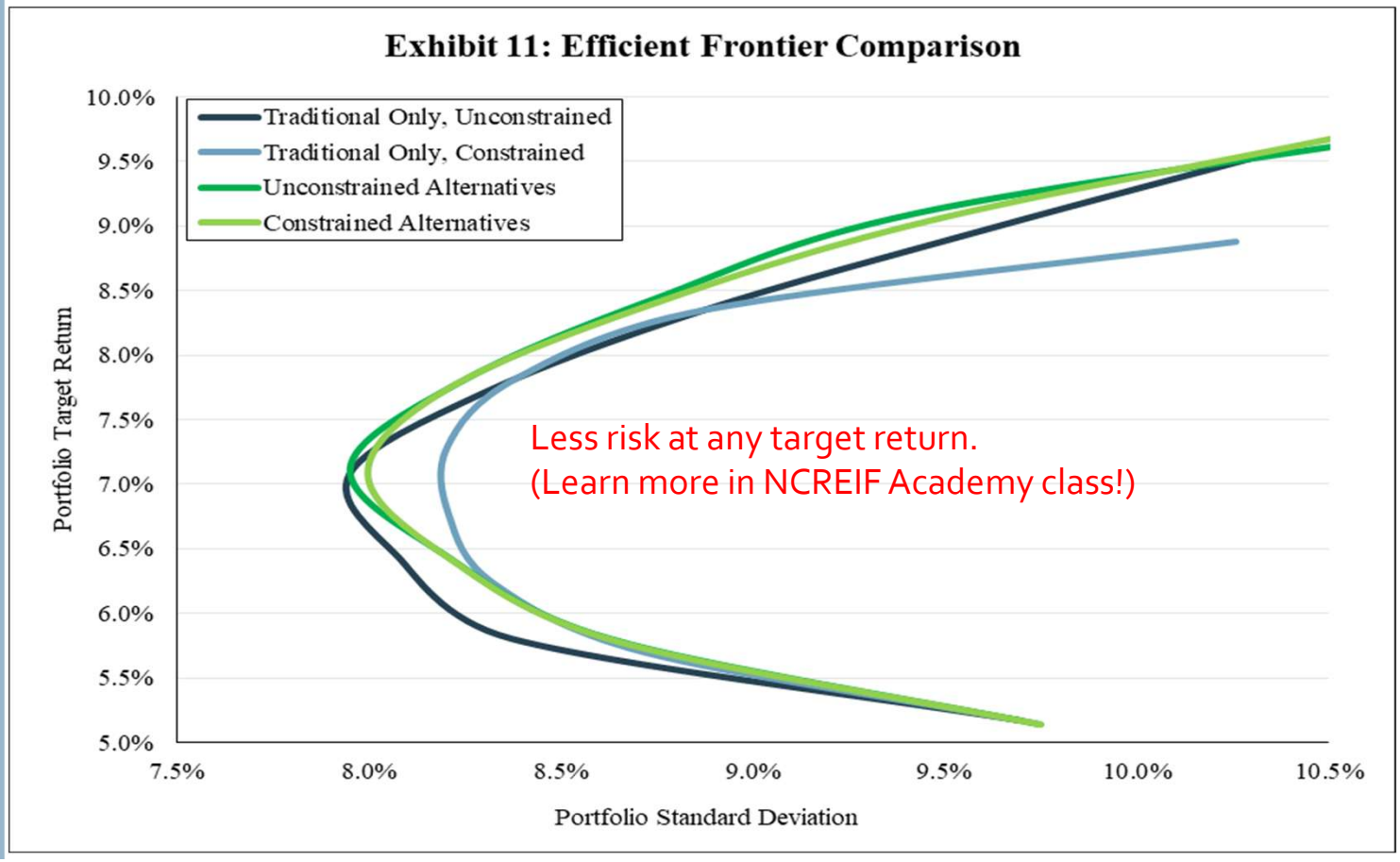
Note: Major sector returns include only "traditional" subtypes

NPI Returns Alternative Subtypes

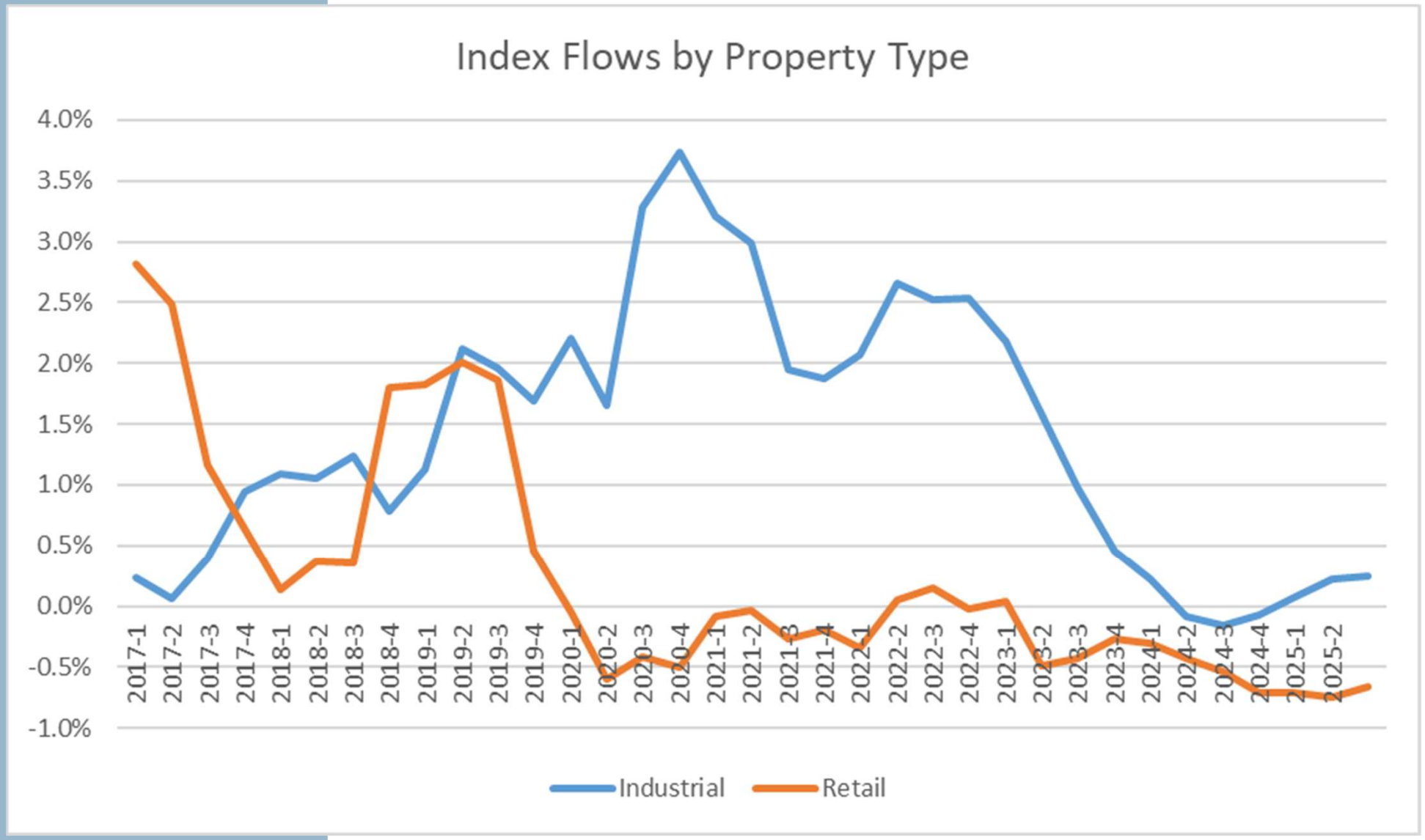


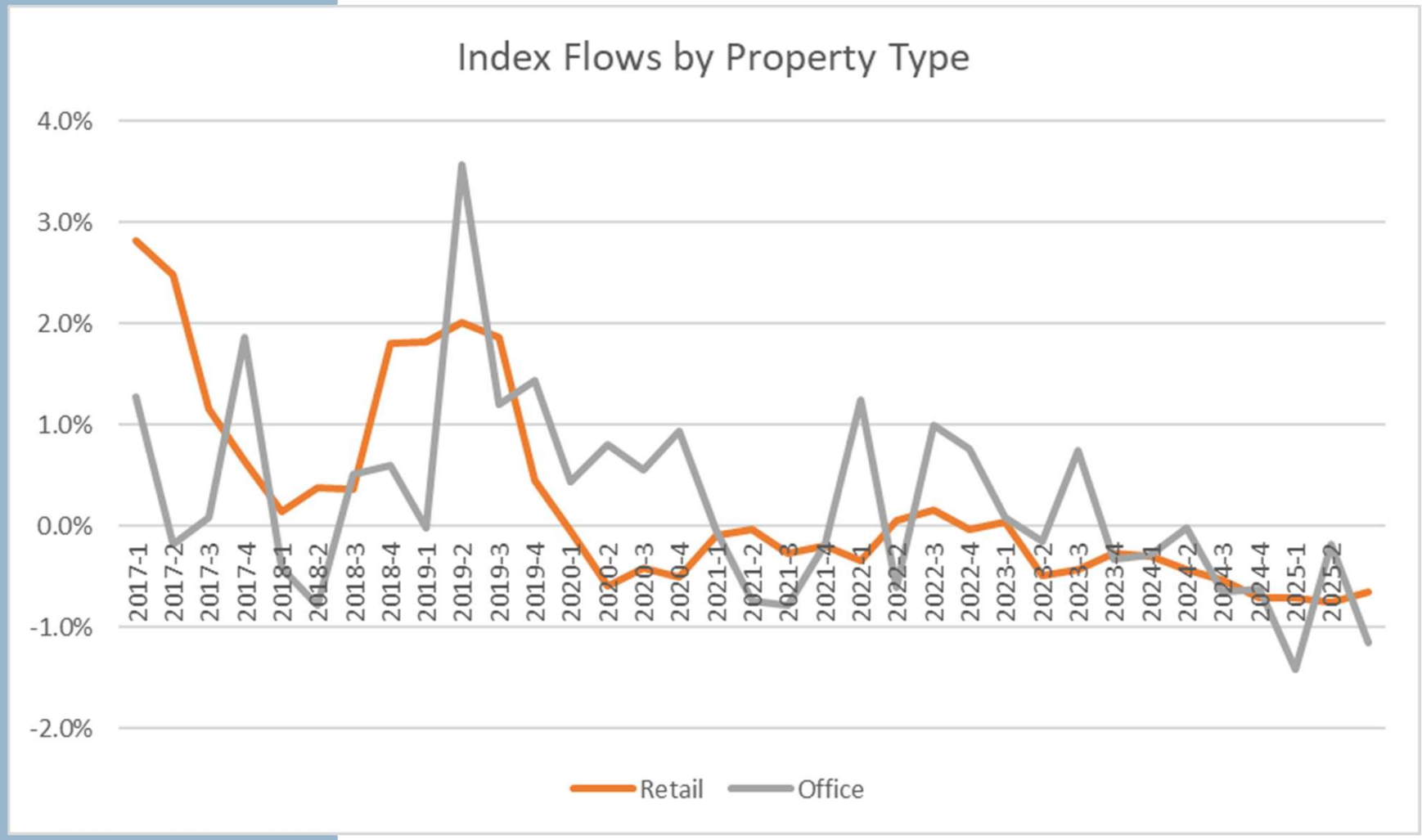
Note: Major sector returns include only "traditional" subtypes

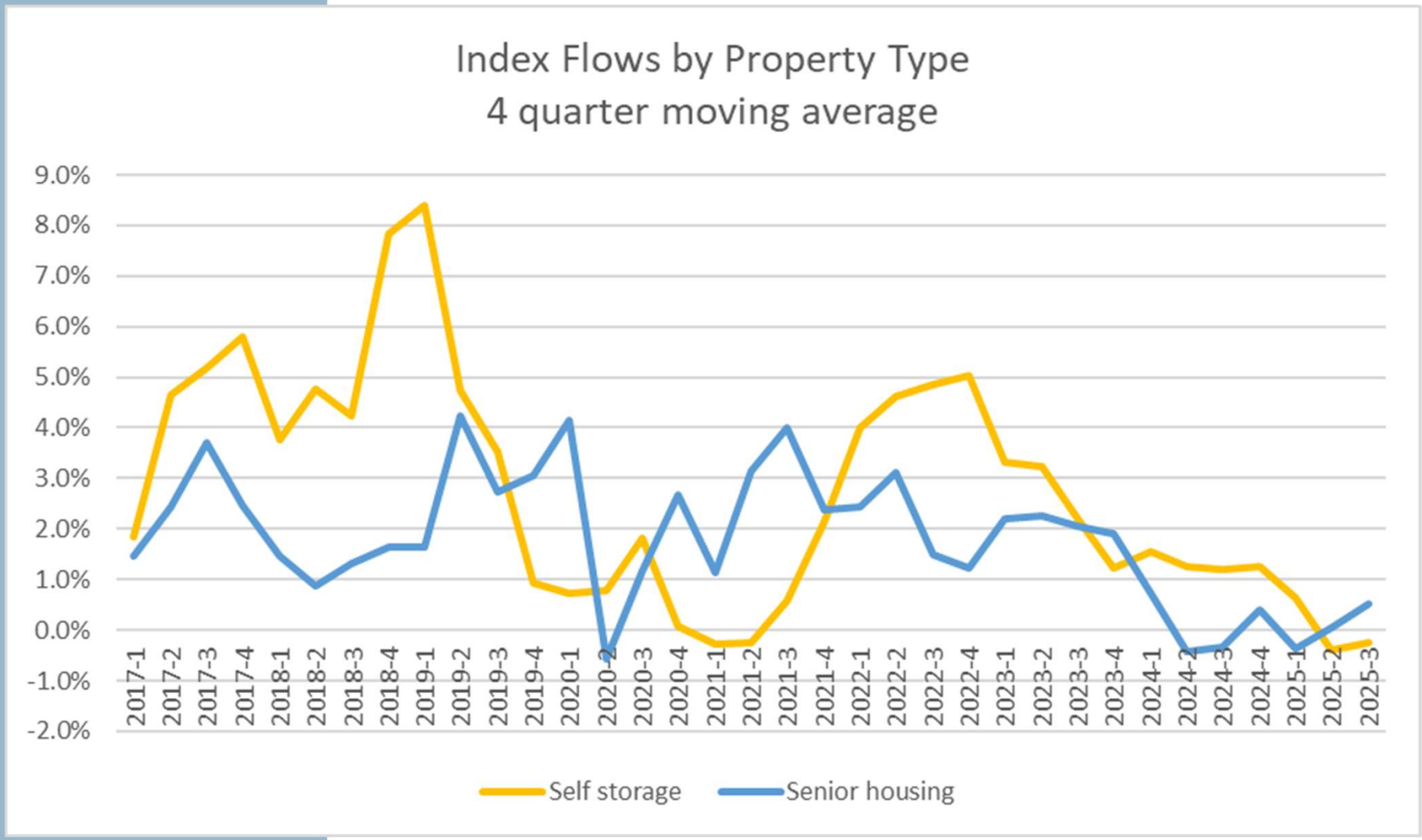
Alternatives in NPI Result in more "Efficient" Frontier

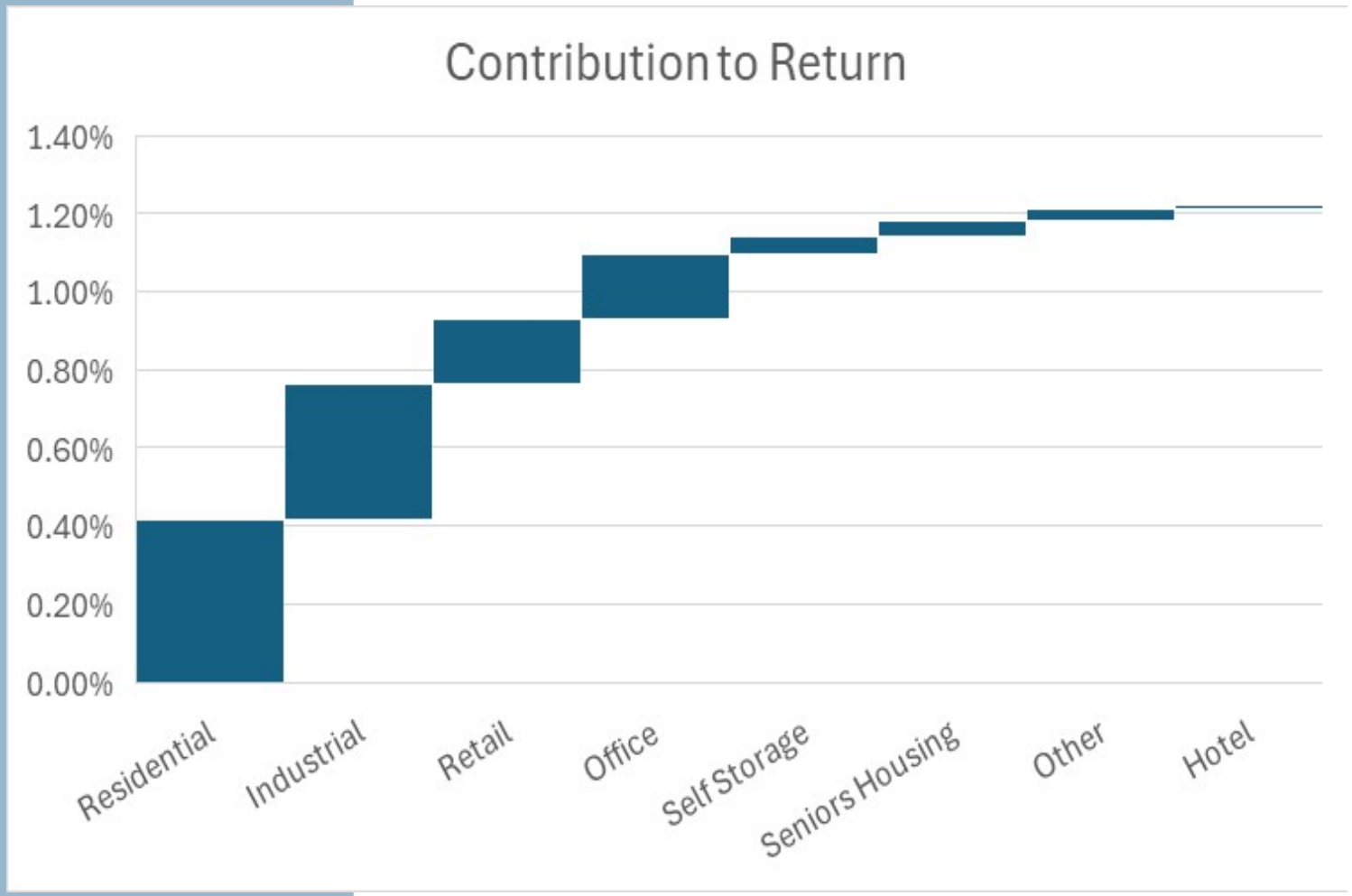


Source: Fitzgerald, Fisher and McIntosh. Forthcoming in the *Journal of Portfolio Management*.


Index Flows by Property Type
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
-0.5%
-1.0%
2017-1
2017-2
2017-3
2017-4
2018-1
2018-2
2018-3
2018-4
2019-1
2019-2
2019-3
2019-4
2020-1
2020-2
2020-3
2020-4
2021-1
2021-2
2021-3
2021-4
2022-1
2022-2
2022-3
2022-4
2023-1
2023-2
2023-3
2023-4
2024-1
2024-2
2024-3
2024-4
2025-1
2025-2
Industrial
Retail


Index Flows by Property Type
4.0%
3.0%
2.0%
1.0%
0.0%
-1.0%
-2.0%
2017-1
2017-2
2017-3
2017-4
2018-1
2018-2
2018-3
2018-4
2019-1
2019-2
2019-3
2019-4
2020-1
2020-2
2020-3
2020-4
2021-1
2021-2
2021-3
2021-4
2022-1
2022-2
2022-3
2022-4
2023-1
2023-2
2023-3
2023-4
2024-1
2024-2
2024-3
2024-4
2025-1
2025-2
Retail
Office


Index Flows by Property Type
4 quarter moving average
9.0%
8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
-1.0%
-2.0%
2017-1
2017-2
2017-3
2017-4
2018-1
2018-2
2018-3
2018-4
2019-1
2019-2
2019-3
2019-4
2020-1
2020-2
2020-3
2020-4
2021-1
2021-2
2021-3
2021-4
2022-1
2022-2
2022-3
2022-4
2023-1
2023-2
2023-3
2023-4
2024-1
2024-2
2024-3
2024-4
2025-1
2025-2
2025-3
Self storage
Senior housing



NPI Return = 1.22%

Sector Momentum

NPI Property 1-Yr Total Returns v 5-Yr Avg Total Returns

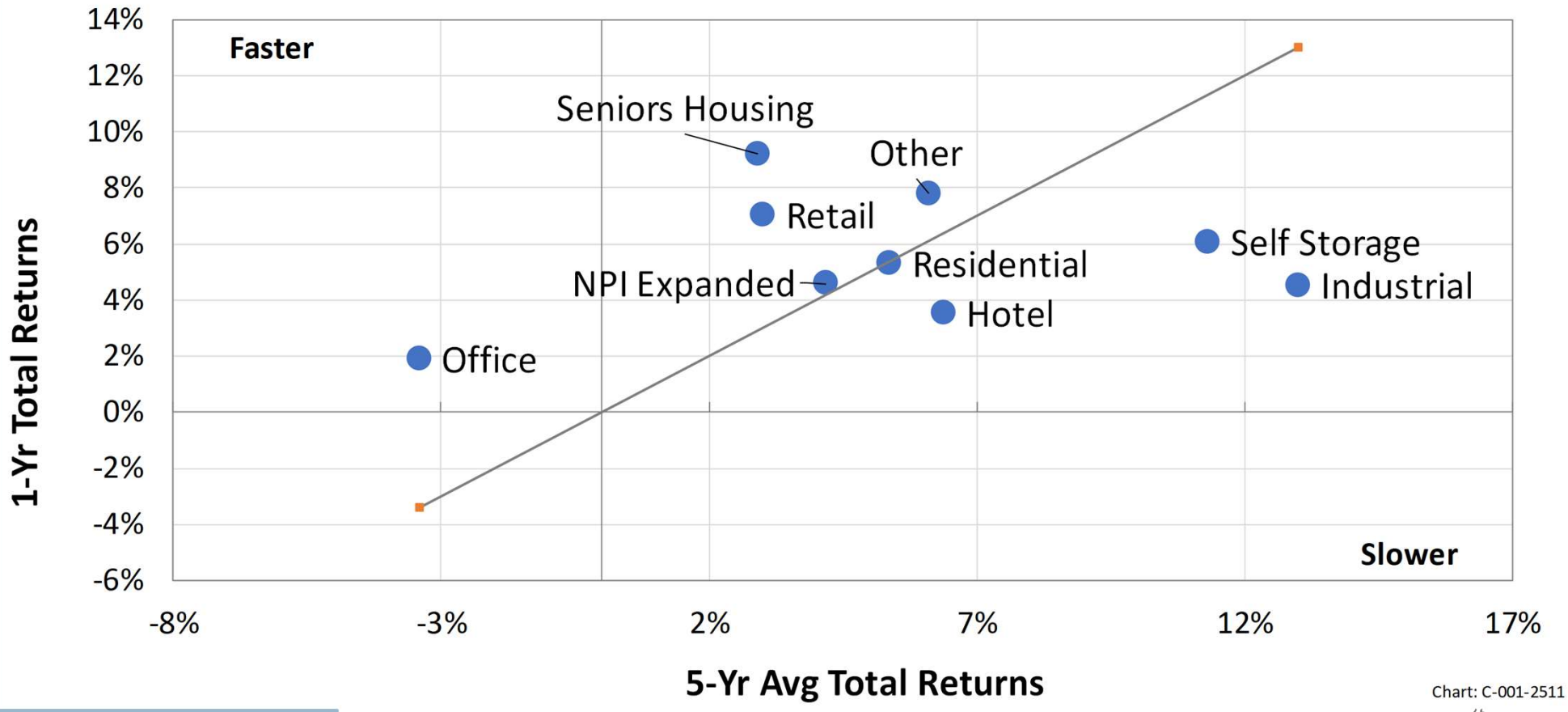


Chart: C-001-2511

Sector Momentum

NPI Property 1-Yr Total Returns v 5-Yr Avg Total Returns

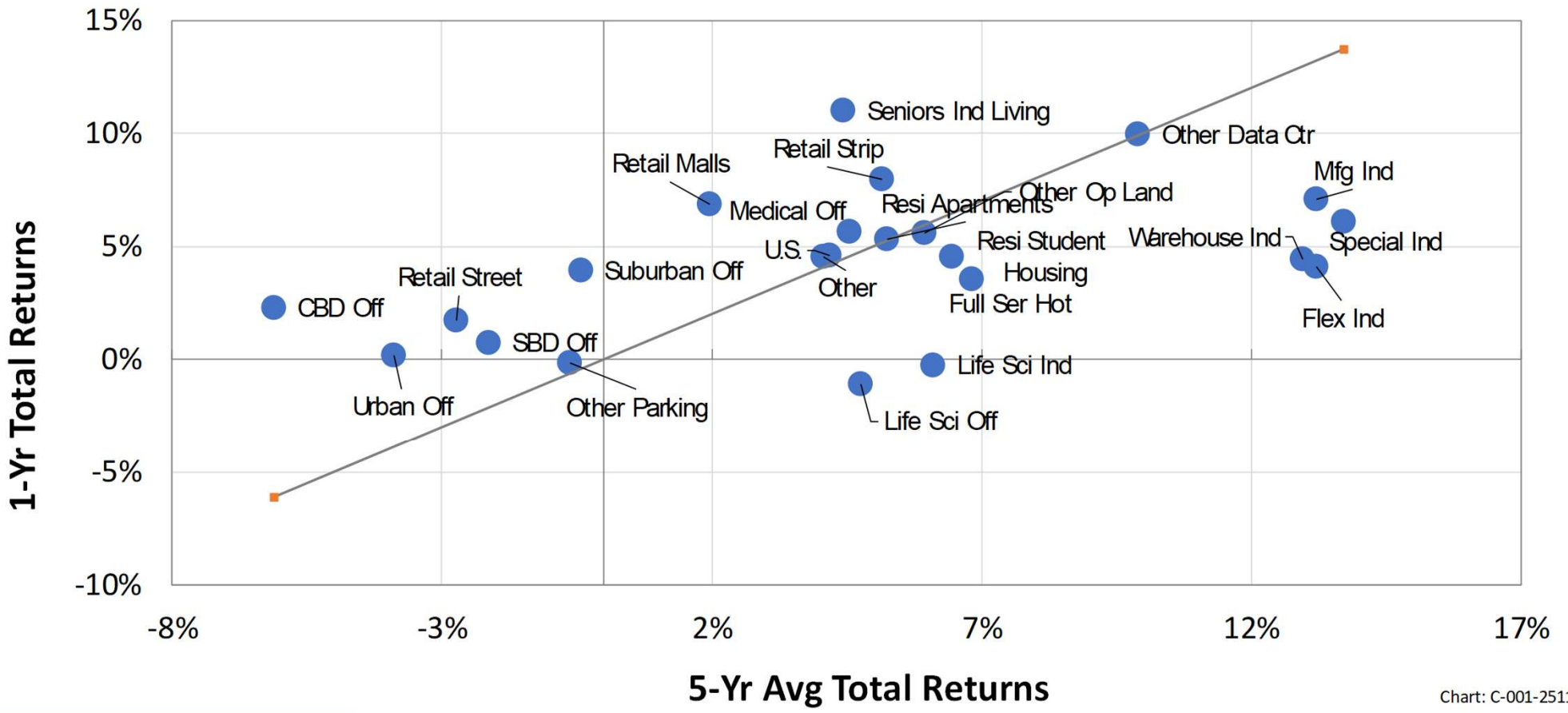
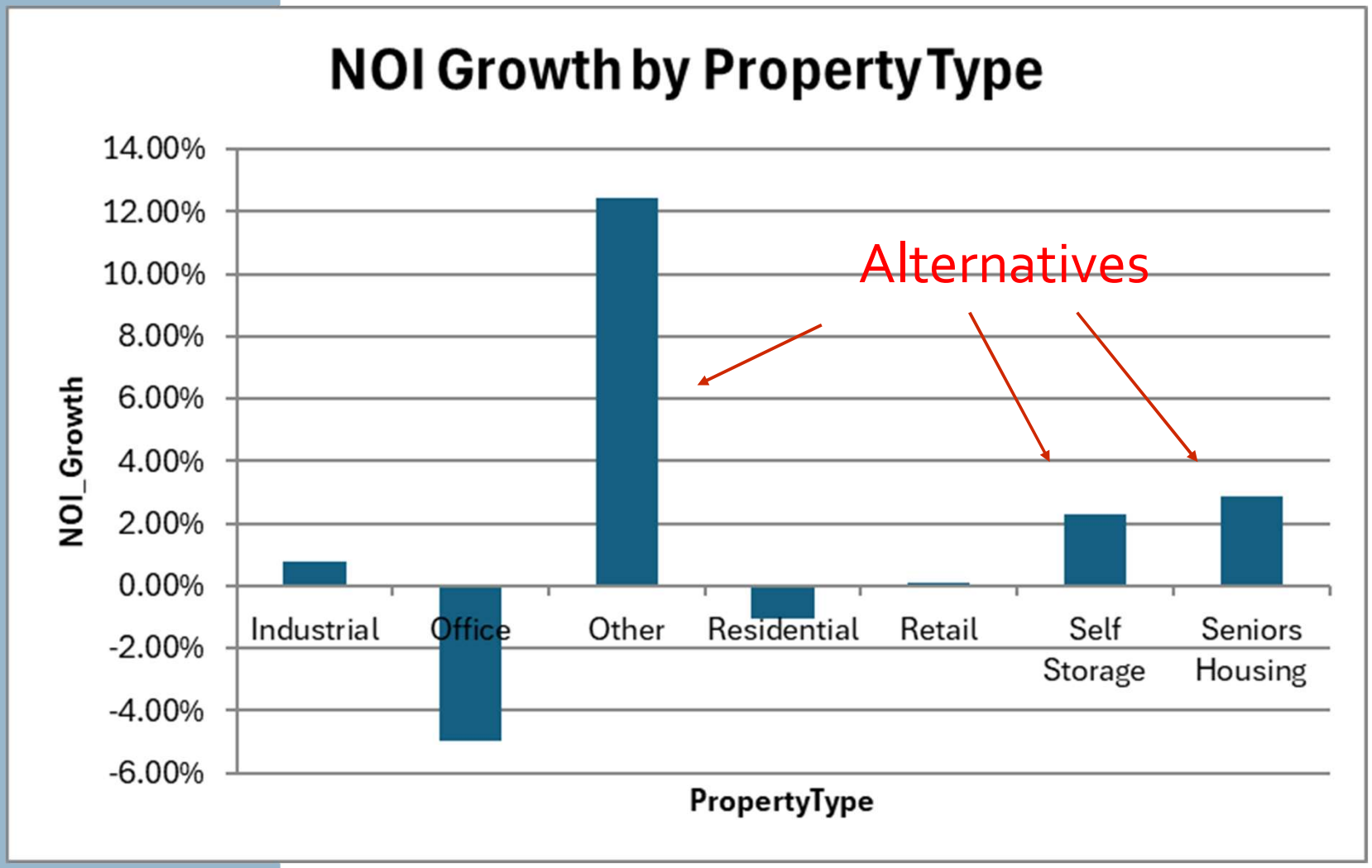


Chart: C-001-2511


NOI Growth by Property Type
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
-2.00%
-4.00%
-6.00%
NOI_Growth
Alternatives
Industrial
Office
Other
Residential
Retail
Self Storage
Seniors Housing
PropertyType

NPI Property Vacancy by Property Type

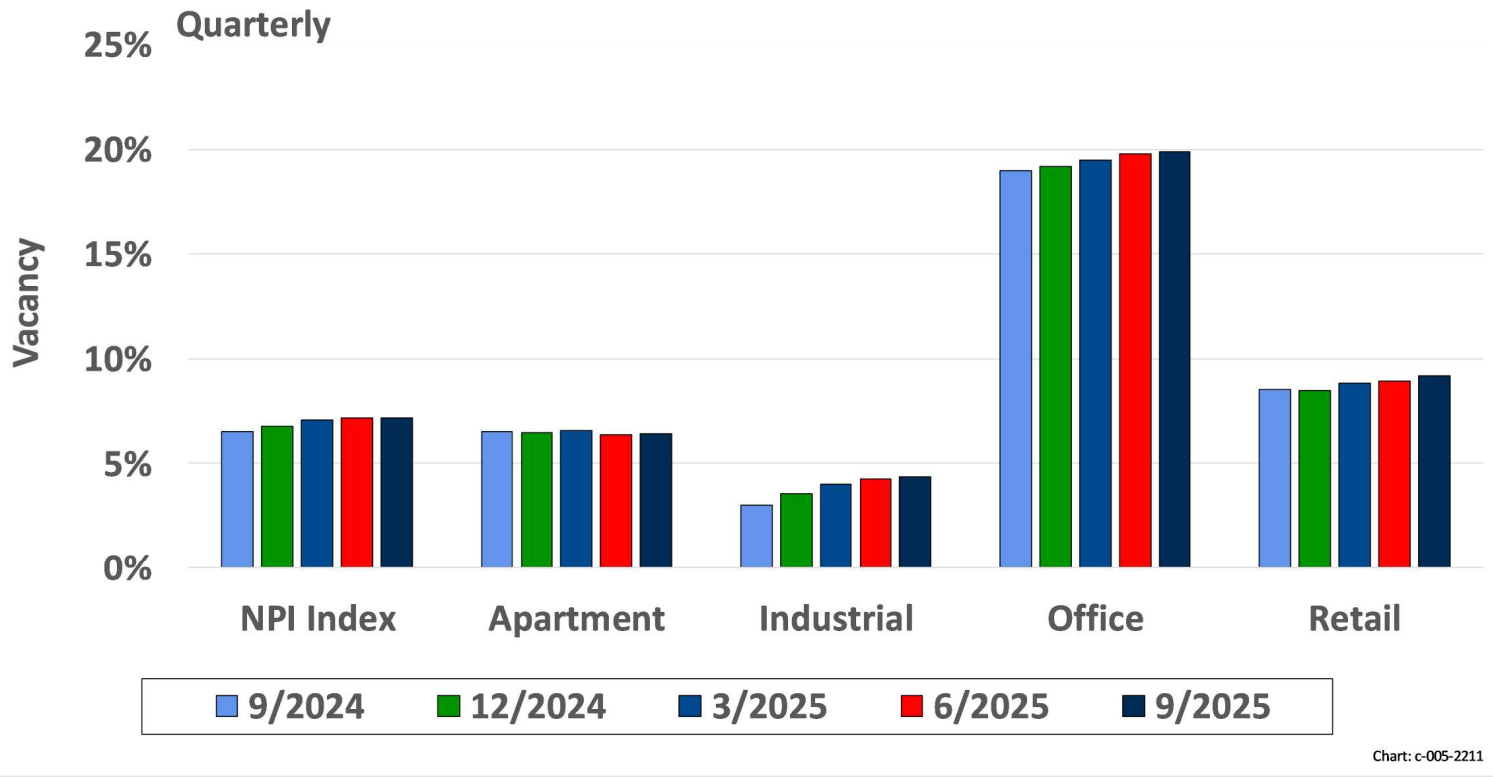


Chart: c-005-2211

NPI Property Cap Rates by Property Type

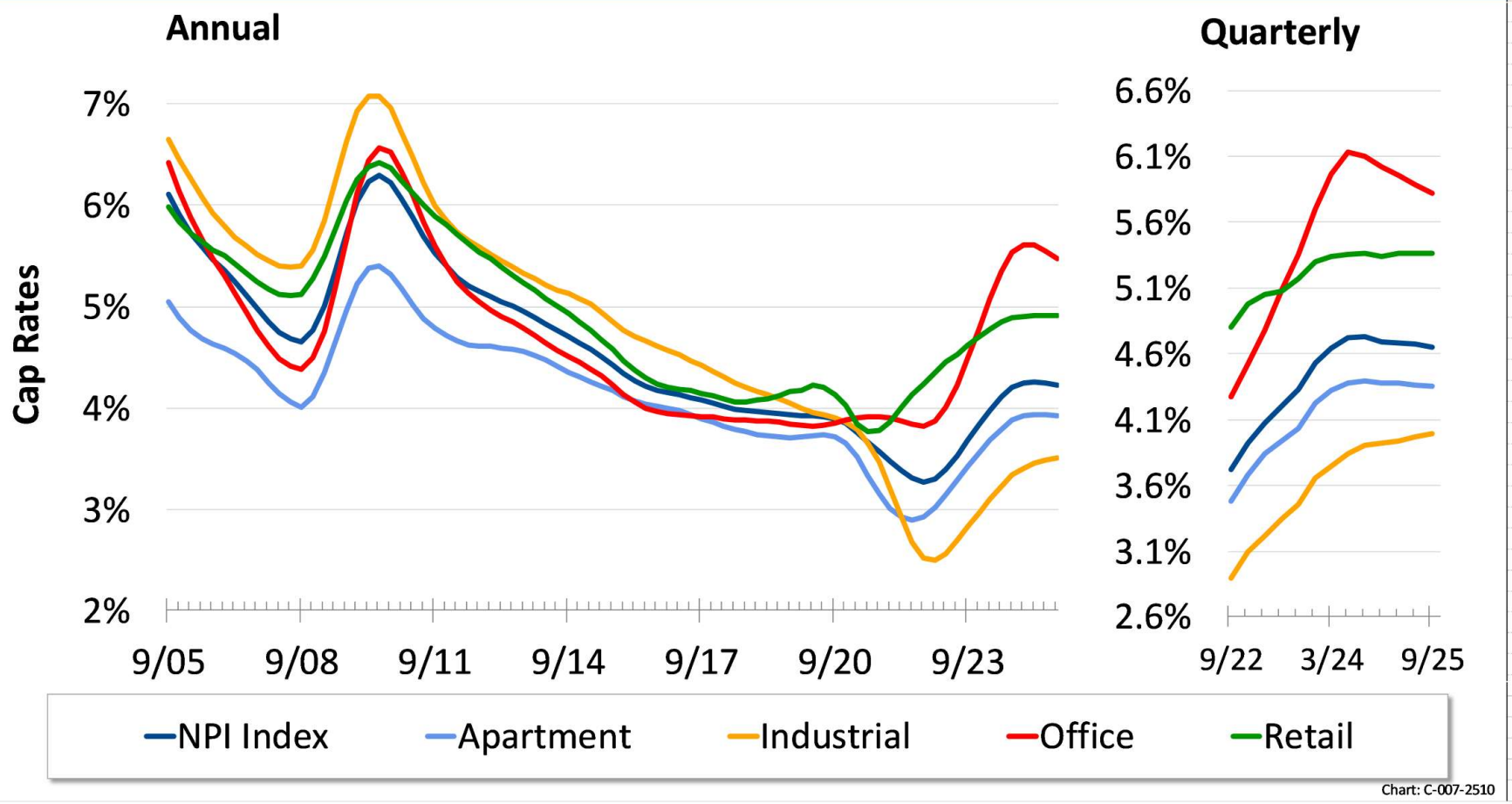
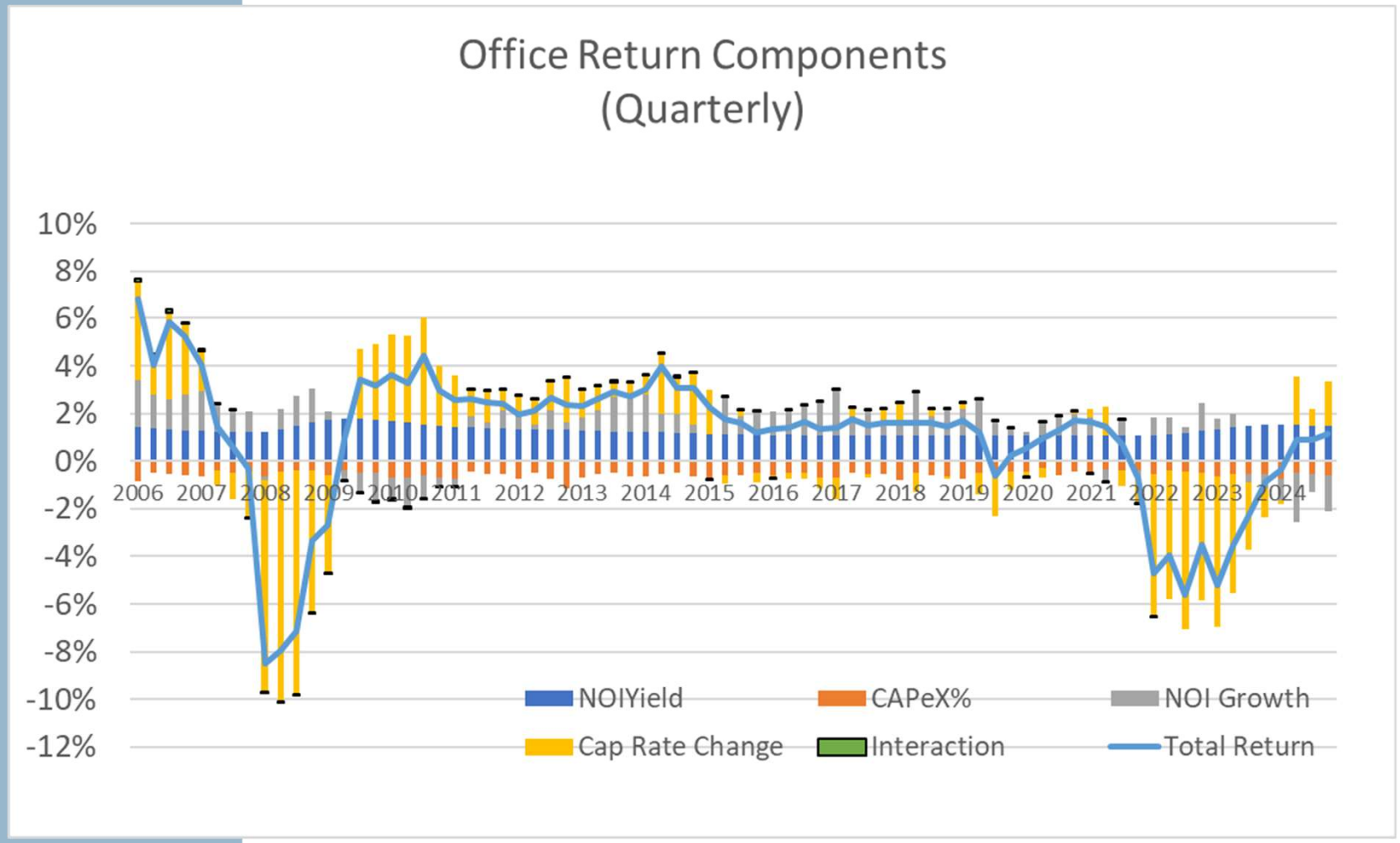
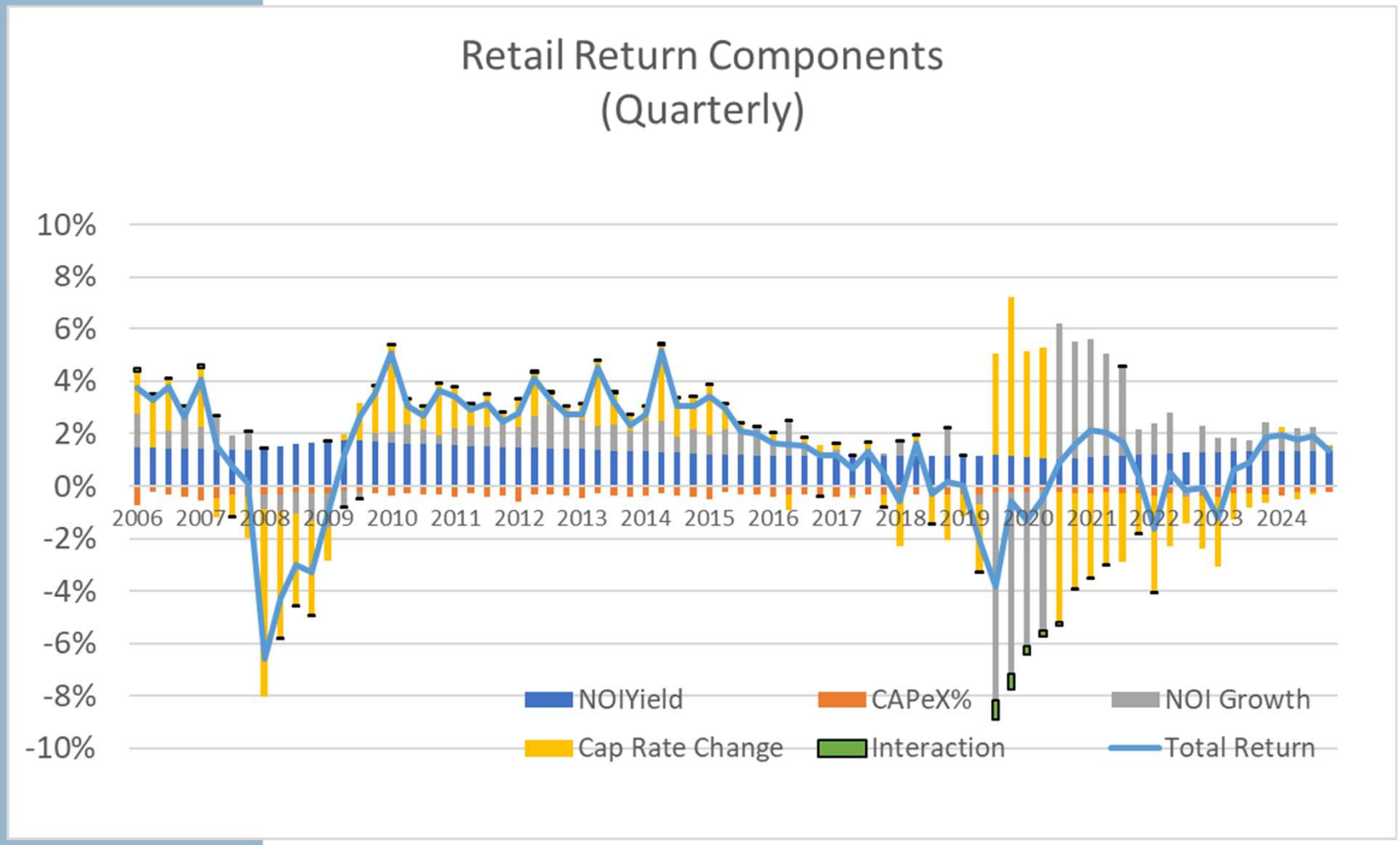
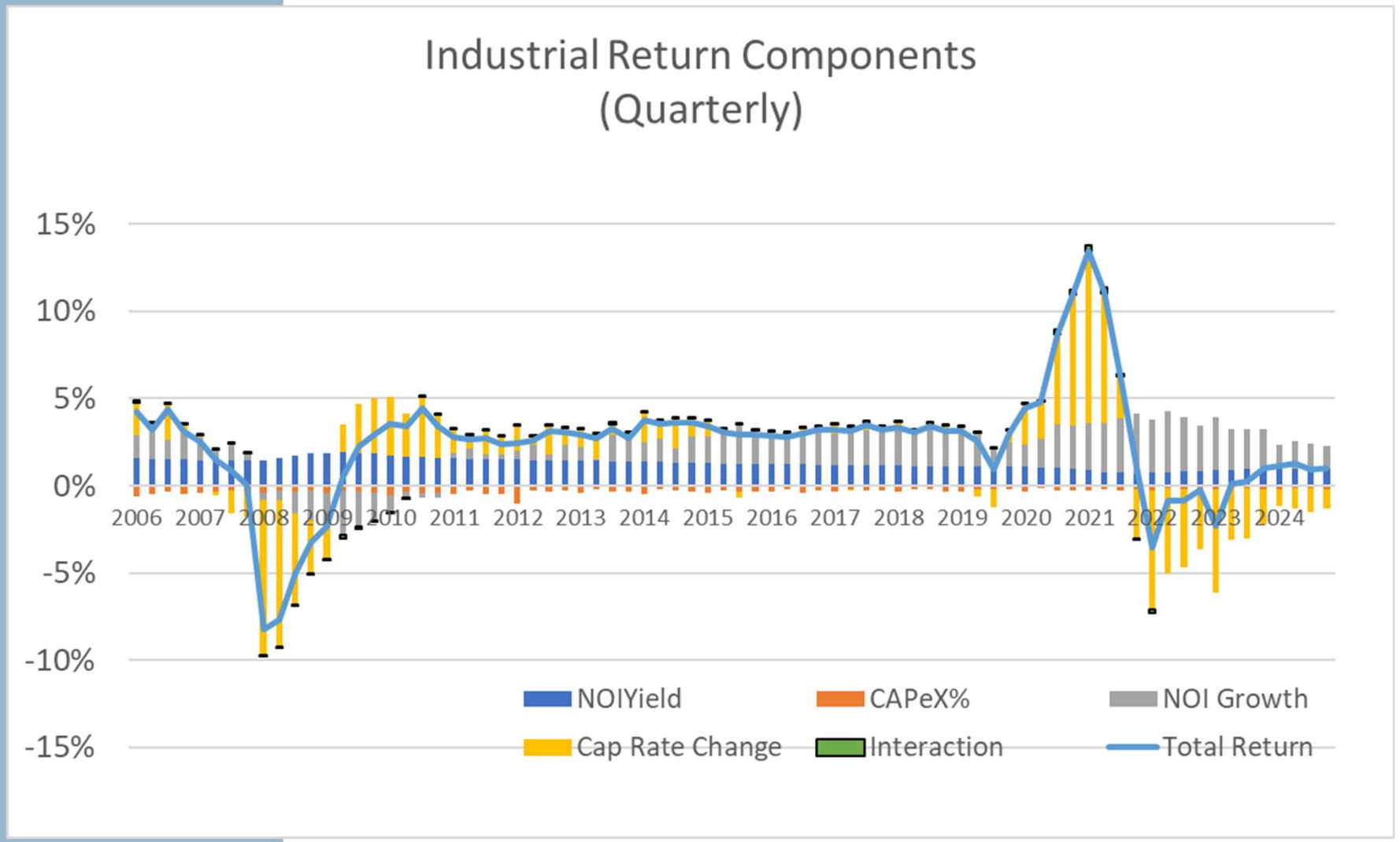
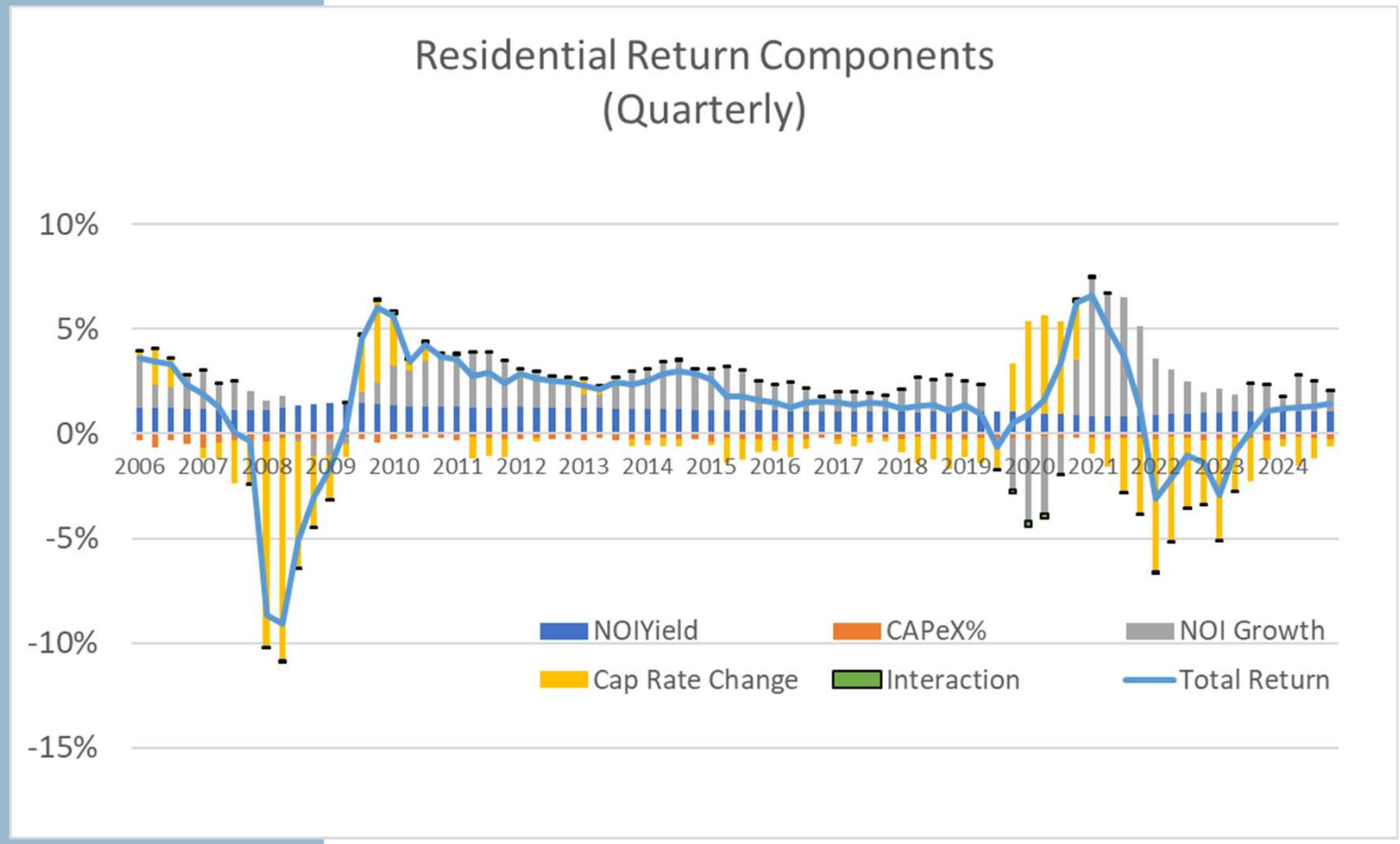


Chart: C-007-2510


Office Return Components
(Quarterly)
10%
8%
6%
4%
2%
0%
-2%
-4%
-6%
-8%
-10%
-12%
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
NOIYield
CAPeX%
NOI Growth
Cap Rate Change
Interaction
Total Return


Retail Return Components
(Quarterly)
10%
8%
6%
4%
2%
0%
-2%
-4%
-6%
-8%
-10%
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
NOIYield
CAPeX%
NOI Growth
Cap Rate Change
Interaction
Total Return


Industrial Return Components
(Quarterly)
15%
10%
5%
0%
-5%
-10%
-15%
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
NOIYield
CAPeX%
NOI Growth
Cap Rate Change
Interaction
Total Return


Residential Return Components
(Quarterly)
10%
5%
0%
-5%
-10%
-15%
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
NOIYield
CAPeX%
NOI Growth
Cap Rate Change
Interaction
Total Return

CBSA Momentum

NPI Property 1-Yr Total Returns v 5-Yr Avg Total Returns

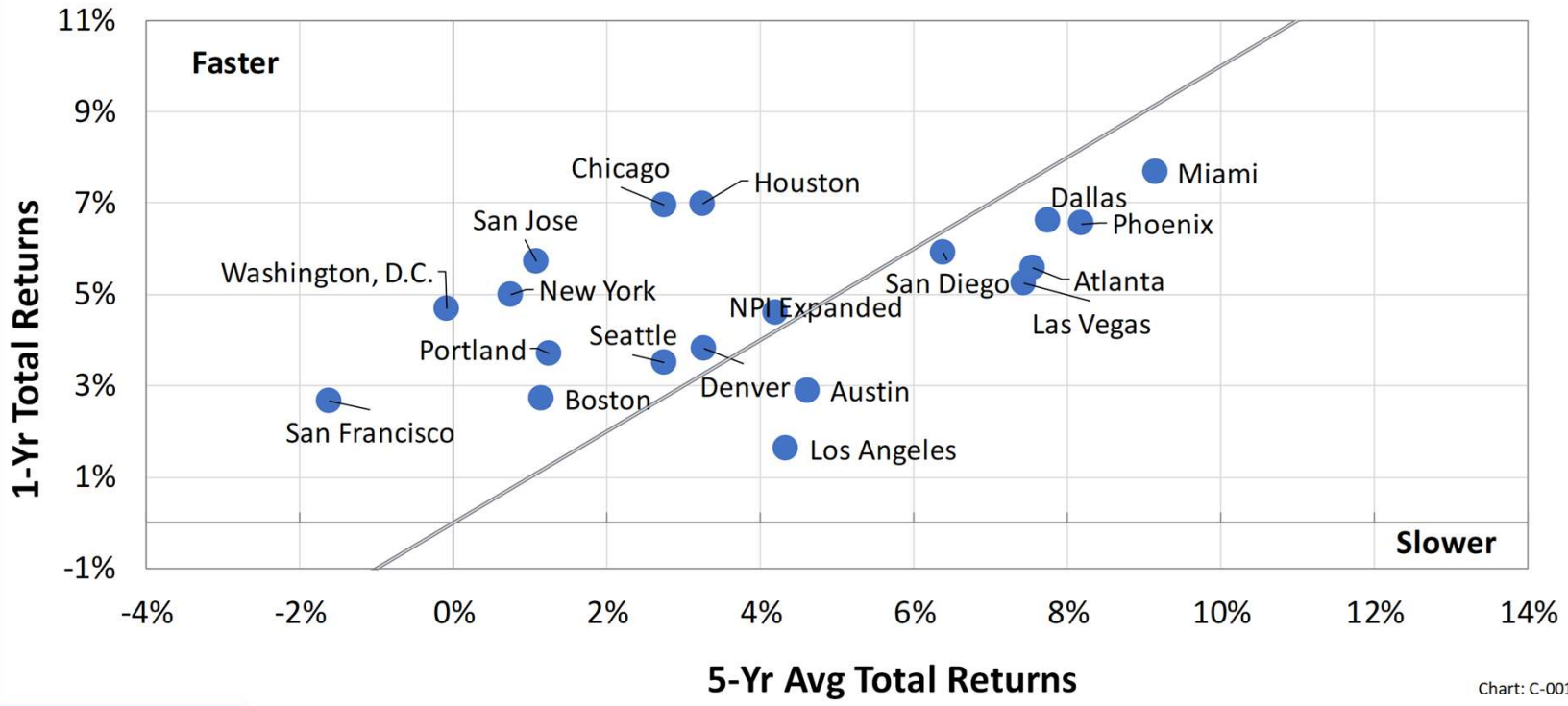
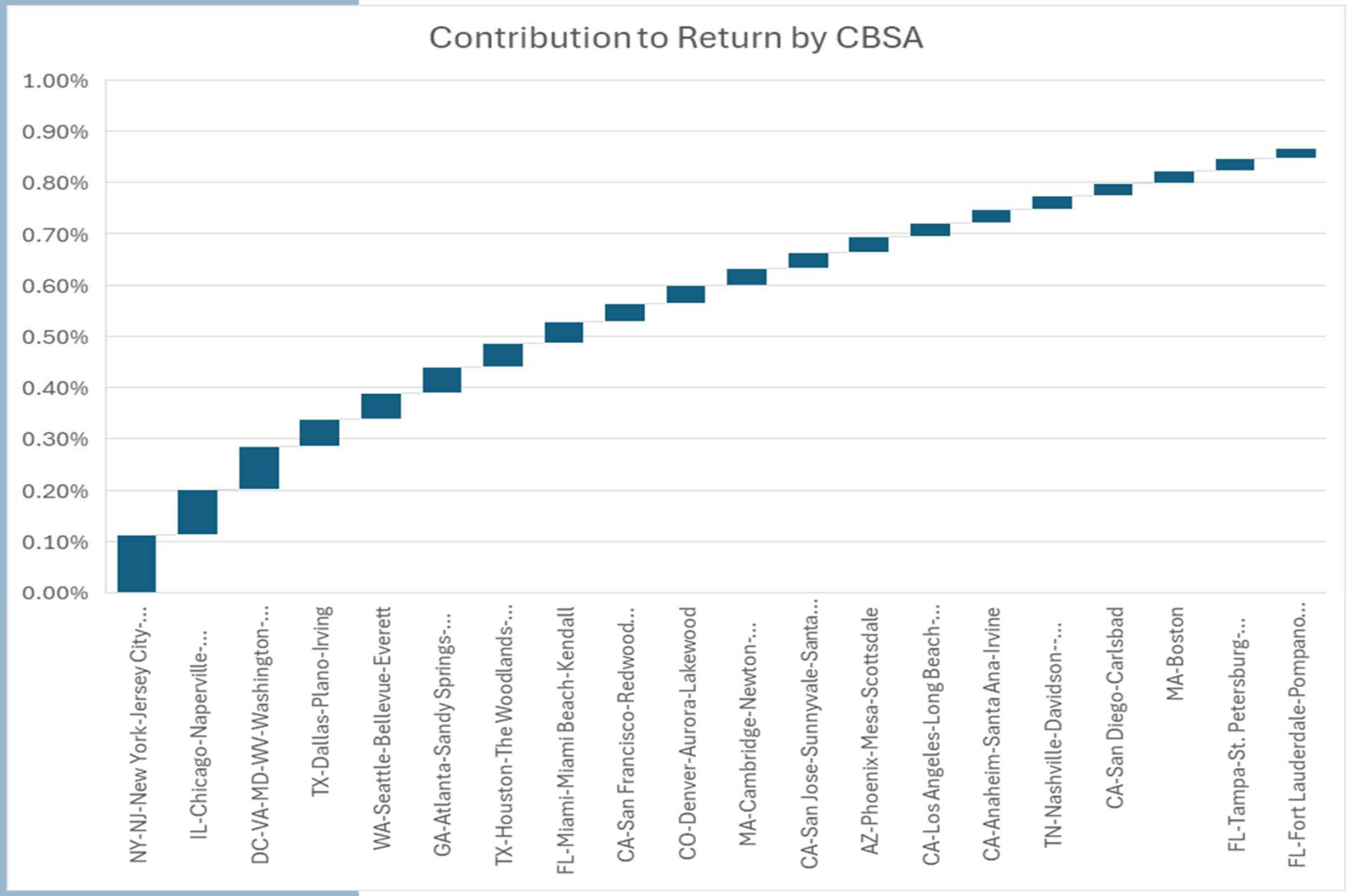


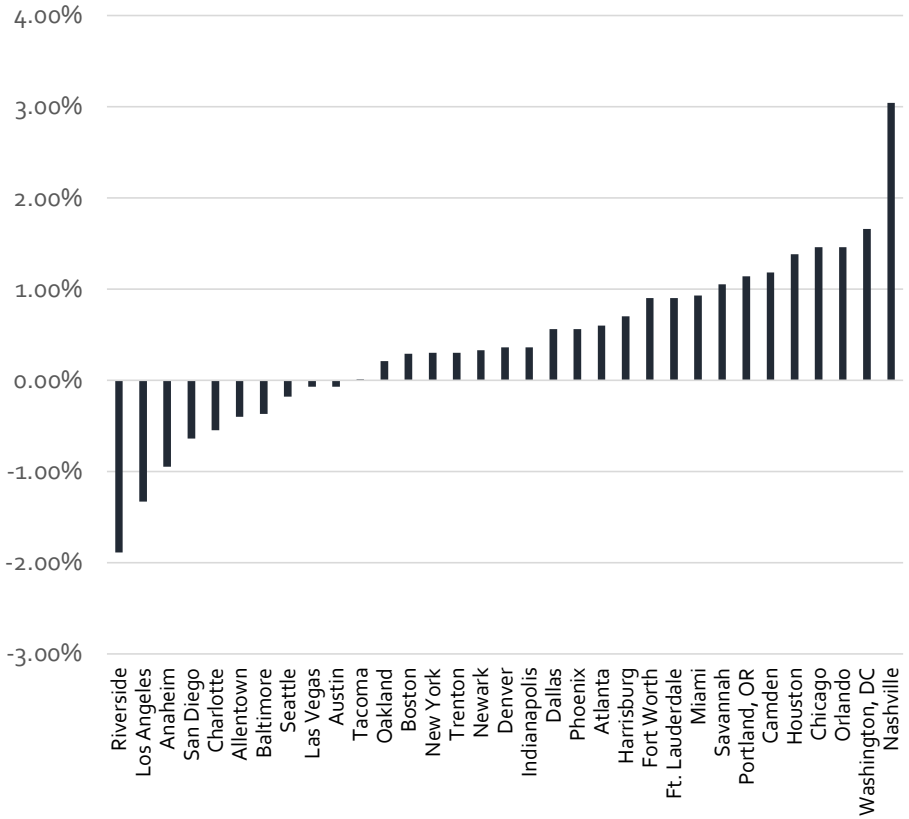
Chart: C-001-2511



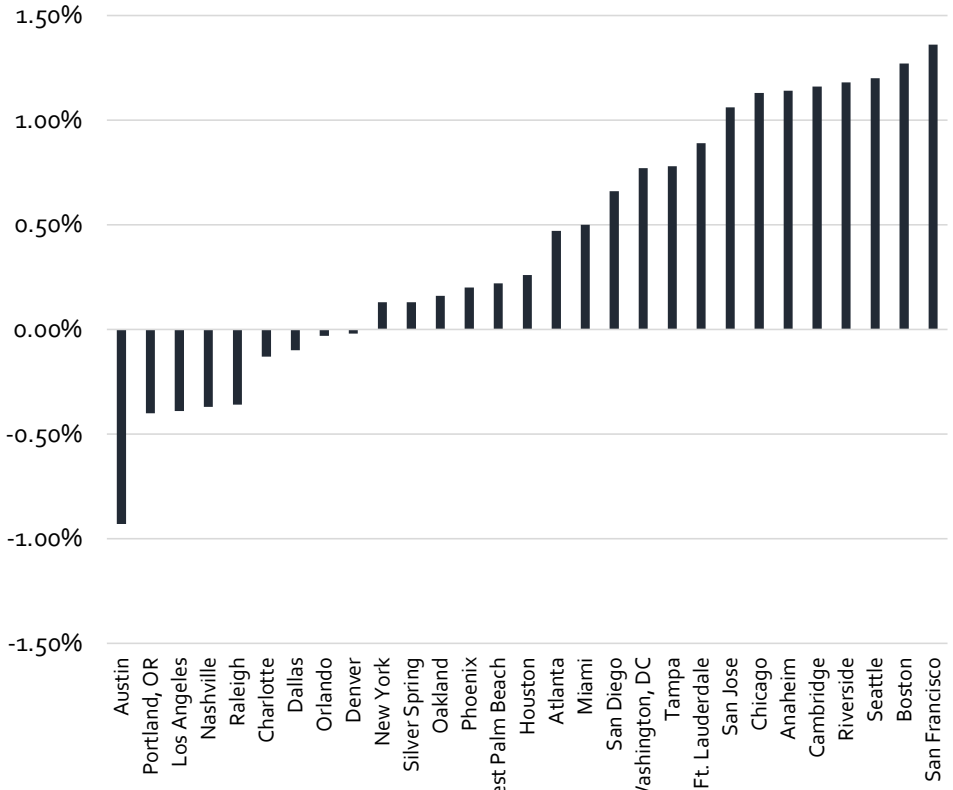
NPI Return = 1.22%

NPI Valuation Changes Across Sectors/CBSAs

Industrial

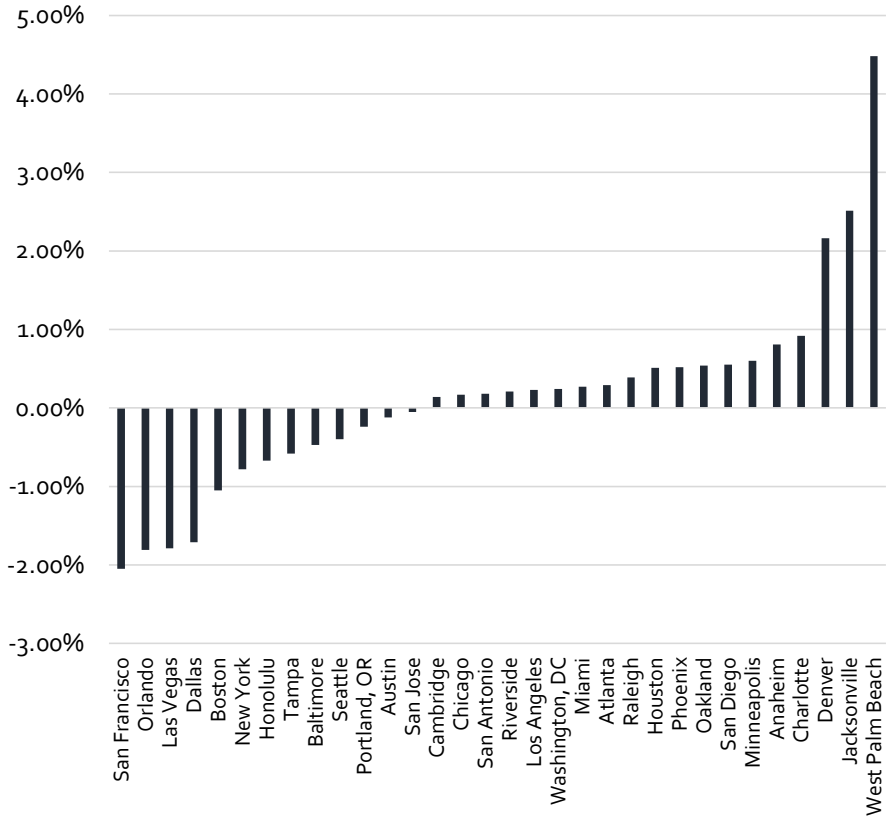


Apartment

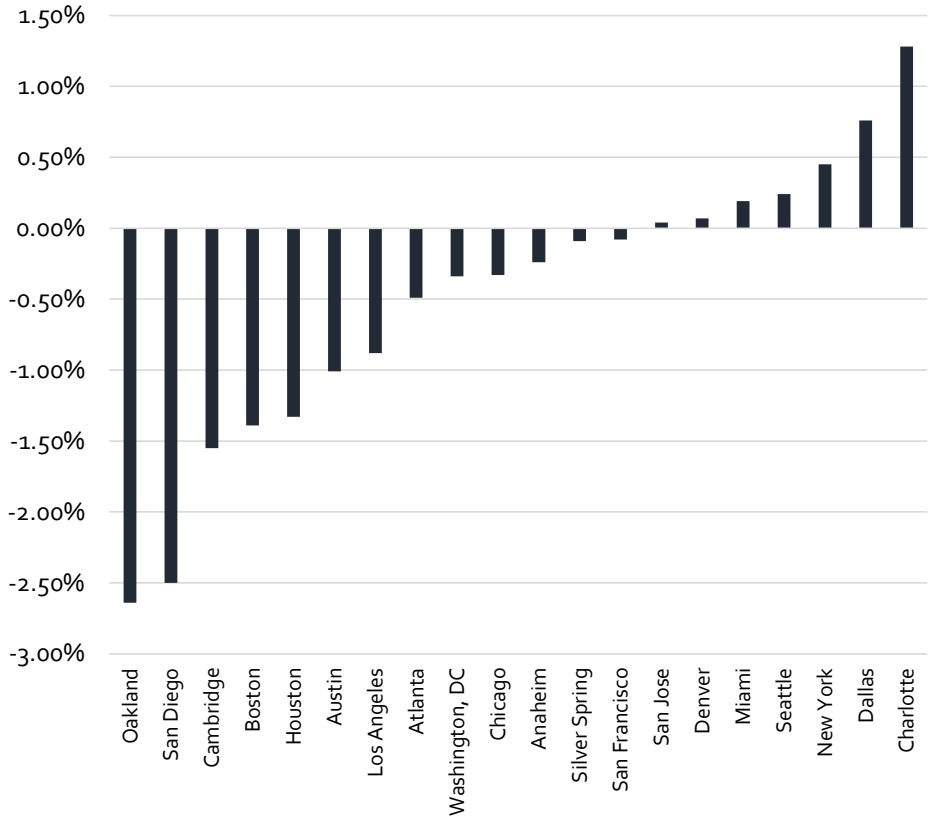


NPI Valuation Changes Across Sectors/CBSAs

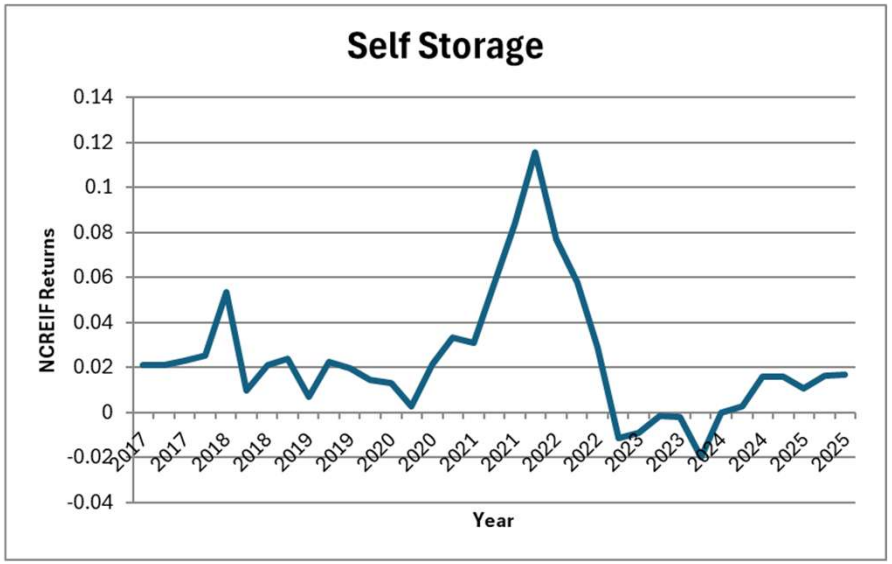
Retail

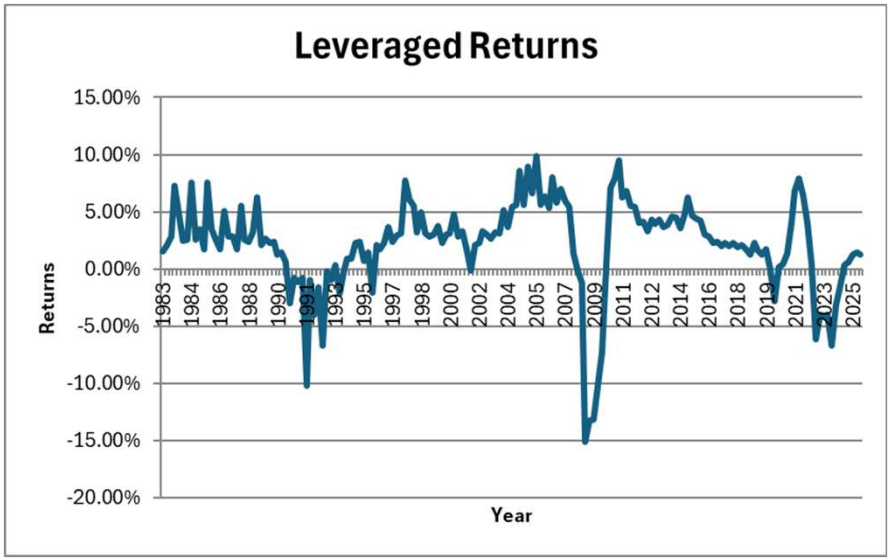


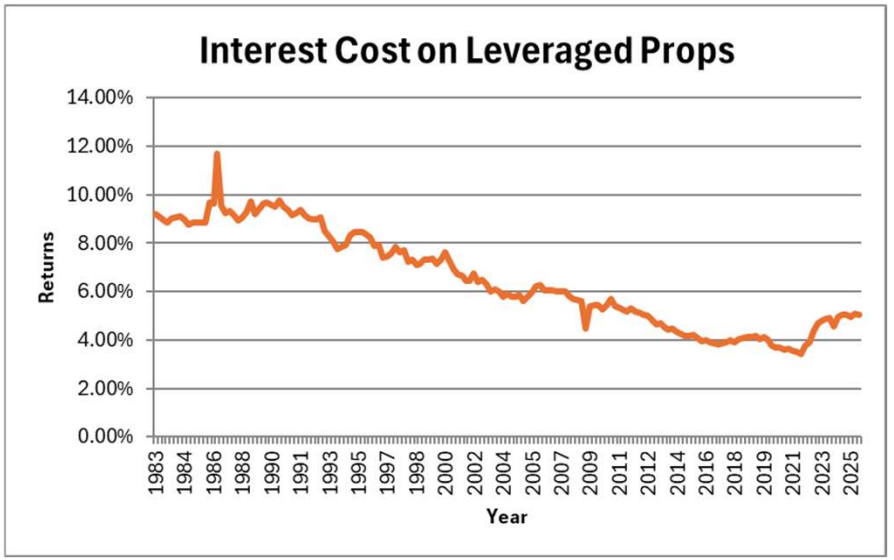
Office

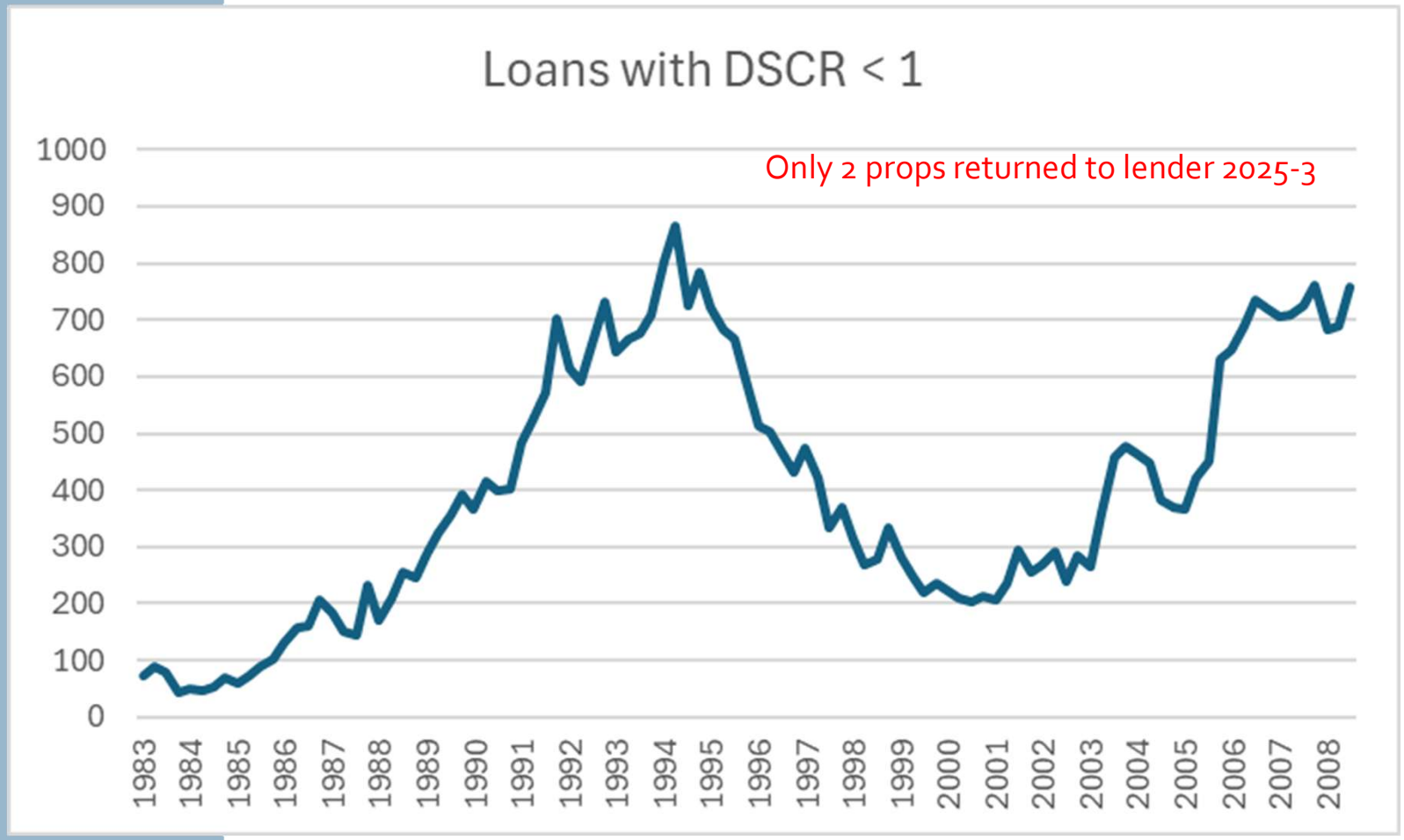



Seniors Housing
NCREIF Returns
0.05
0.04
0.03
0.02
0.01
0
-0.01
-0.02
-0.03
2017
2017
2018
2018
2019
2019
2020
2020
2021
2021
2022
2022
2023
2023
2024
2024
2025
2025
Year


Self Storage
NCREIF Returns
0.14
0.12
0.1
0.08
0.06
0.04
0.02
0
-0.02
-0.04
2017
2017
2018
2018
2019
2019
2020
2020
2021
2021
2022
2022
2023
2023
2024
2024
2025
2025
Year


Leveraged Returns
15.00%
10.00%
5.00%
0.00%
-5.00%
-10.00%
-15.00%
-20.00%
Returns
1983
1984
1986
1988
1990
1991
1993
1995
1997
1998
2000
2002
2004
2005
2007
2009
2011
2012
2014
2016
2018
2019
2021
2023
2025
Year


Interest Cost on Leveraged Props
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
Returns
1983
1984
1986
1988
1990
1991
1993
1995
1997
1998
2000
2002
2004
2005
2007
2009
2011
2012
2014
2016
2018
2019
2021
2023
2025
Year


Loans with DSCR < 1
Only 2 props returned to lender 2025-3
1000
900
800
700
600
500
400
300
200
100
0
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008

Question

- What Property Sector do you think will perform best (highest total return) for **2026**?
  - A. Residential
  - B. Office
  - C. Industrial
  - D. Retail
  - E. Alternatives (next slide)

Question

- What Property Sector do you think will perform best (highest total return) for **2026**?
  - A. Data centers
  - B. Self storage
  - C. Senior housing
  - D. Medical Office
  - E. Hotel

Summary of 3rd Quarter 2025

- Returns remain positive
- Market values level
- NOI growth turns negative for quarter
- Occupancy stable
- Cap rates holding steady
- Props with NOI less than debt service remains high – but only a handful returned to lender
- Net flows to index stable

Thank you

For more information on NCREIF or the NCREIF data and indices, as well as the NCREIF Academy and upcoming conference, please visit:

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