

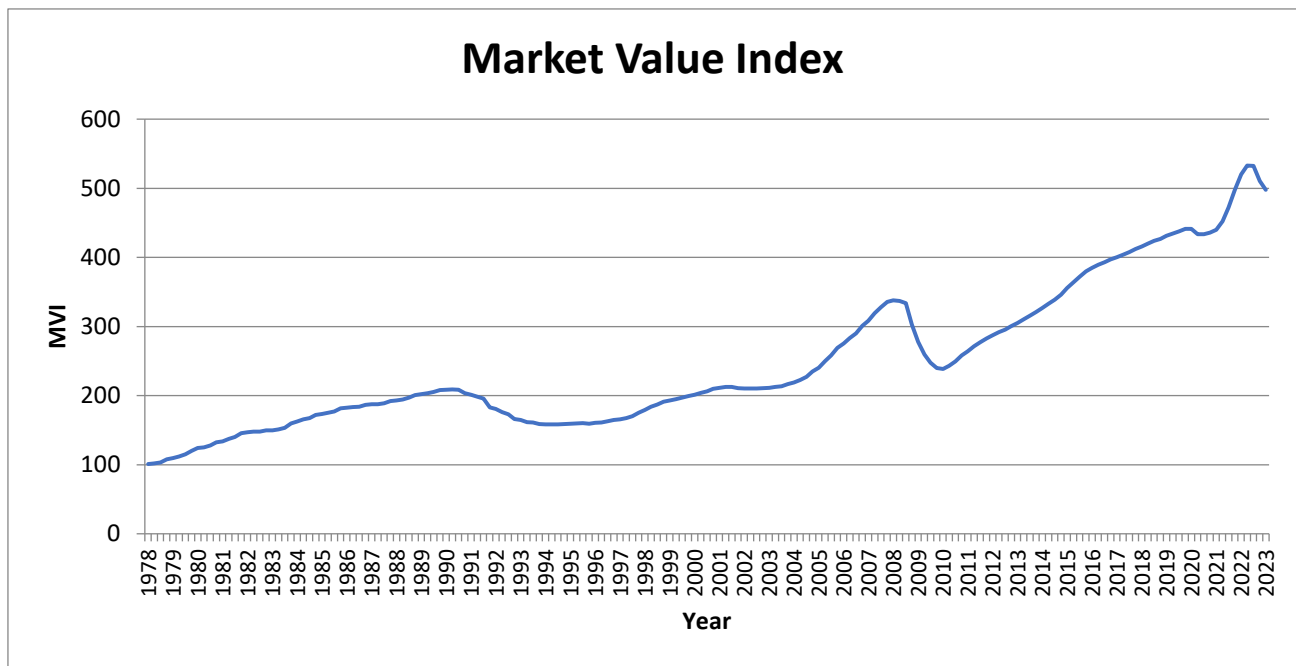


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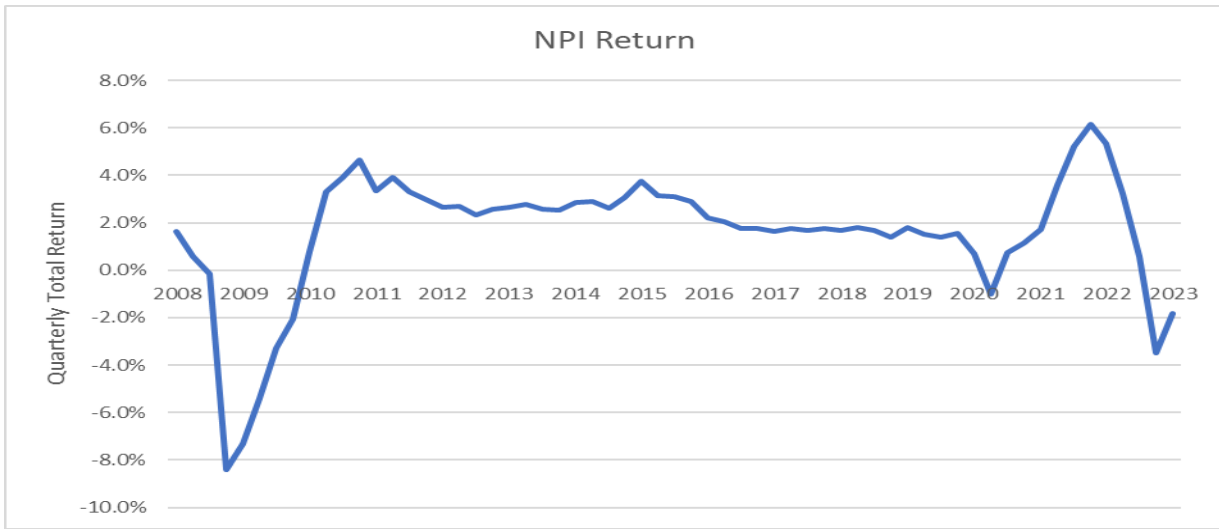
Institutional Property Values Continue Quarterly Decline

CHICAGO, IL, April 25, 2023 – The National Council of Real Estate Investment Fiduciaries (NCREIF) has released first quarter 2023 results for the NCREIF Property Index (NPI). The NPI reflects investment performance for over 10,000 commercial properties, totaling \$921 billion in market value. The aggregate market value of the properties in the index declined for the third straight quarter and the returns were negative for the second straight quarter. The returns are detailed in the attached Snapshot Report.



The market value index declined by 2.6% during the first quarter and the total return for the quarter was -1.81%. Although the return was negative, it was less negative than the -3.49% return during the 4th quarter of 2022 and the decline in value was less than it was in the 4th quarter

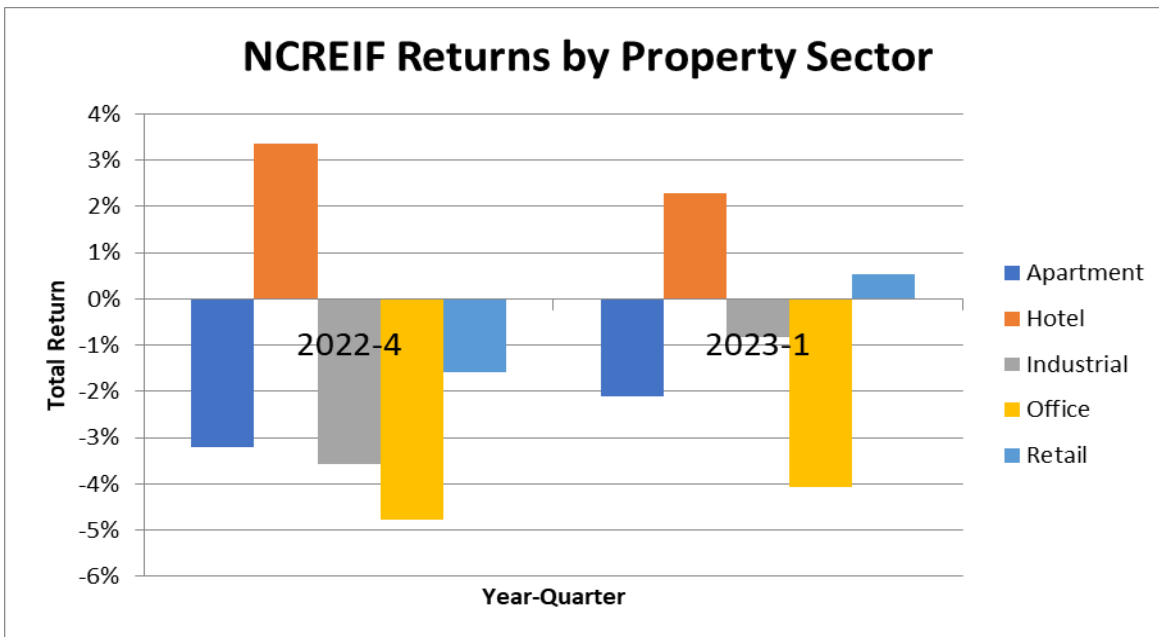
The quarterly return consisted of 1.01% from income and -2.82% from negative property appreciation. Appreciation is after the deduction of capital expenditures.



The -1.81% return is the unleveraged return for “operating properties” held by institutional investors throughout the U.S. As of quarter-end there were 4,717 properties with leverage and the weighted average loan to value ratio was 43%. Lower unleveraged returns coupled with higher interest rates magnified the negative return for those properties with leverage. Properties with leverage had a total quarterly return on equity of -4.19%. The average interest rate on the leveraged properties rose to 4.71% for the first quarter, up from 4.34% in the fourth quarter of 2022. A handful of properties had values which were equal to or less than their loan balance and a few properties were returned to the lender.

Retail and Hotels Buck the Trend

Retail properties which have struggled for several years relative to the other property sectors managed to have a positive return of 0.52% for the first quarter and hotels had a positive return of 2.30%. Office properties had the lowest return at -4.06%. The next lowest return was for apartments with a total return of -2.10% for the quarter. Industrial properties consisting mainly of warehouse properties which had experienced very strong performance for many years had a negative return of -0.82%.



Capitalization Rates and NOI Growth

Market value weighted capitalization (cap) rates based on appraisals for unsold properties in the index increased to 4.19% compared to 4.03% 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 5.61%. NOI growth was surprisingly positive at 2.3% during the first quarter.

About the NCREIF Property Index

The NPI consists of 10,898 investment-grade, income-producing properties with a market value of \$921 billion. The market value breakdown by property type is about 26% office, 28% apartment, 14% retail, 32% industrial and less than 1% hotel. The NPI includes property data covering over 100 CBSAs. 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 May 8, 2023 at 2:00 CST (3:00 pm Eastern Standard Time) to discuss the NCREIF Property Index (NPI) in more detail as well as a discussion of other trends based on the NCREIF data. The conference call is being webcast live and can be accessed [here](#). 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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