

NCREIF Fall Conference 2024

Hollywood, Florida – Diplomat Resort

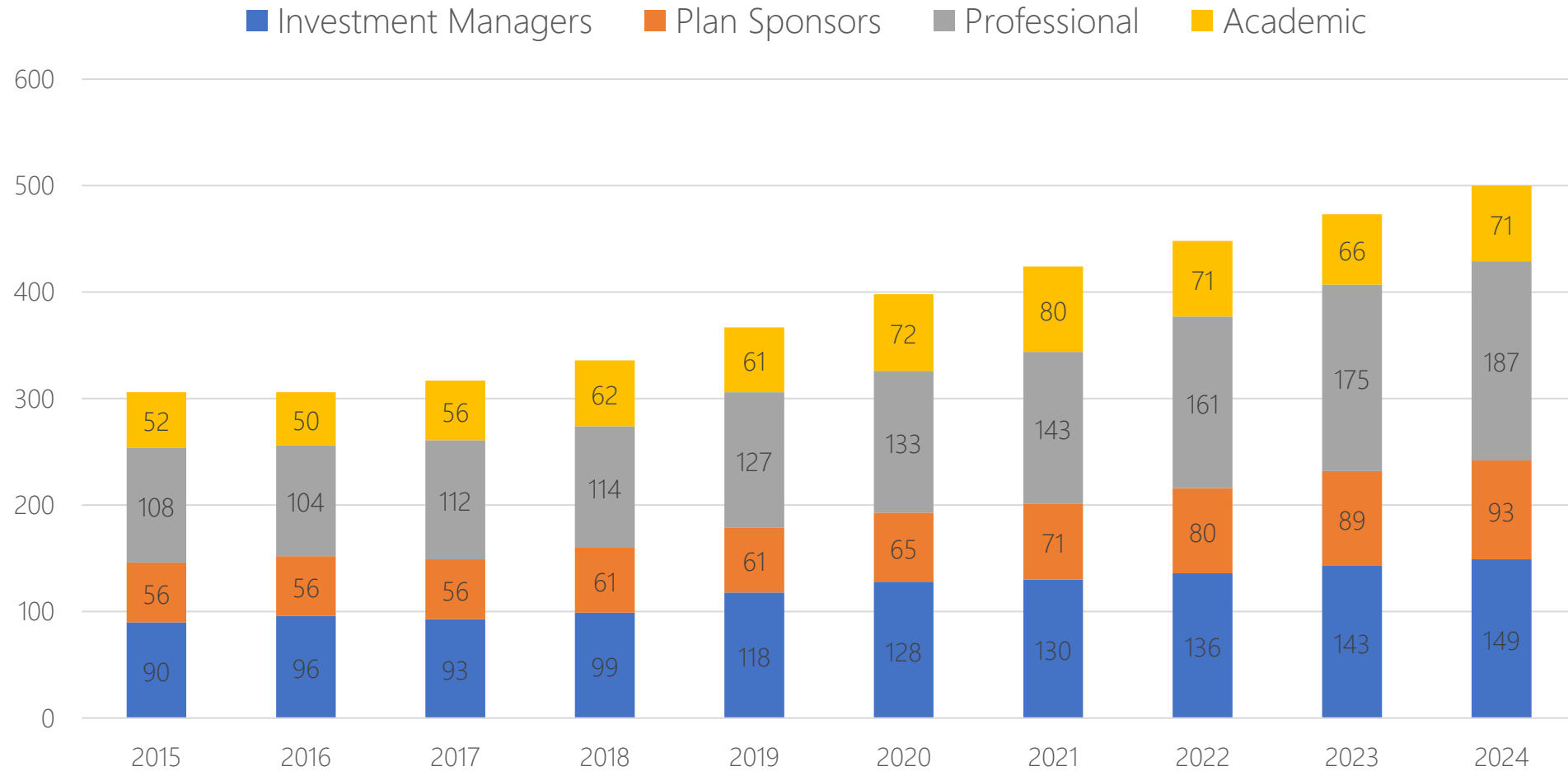


# NCREIF MEMBER TOWN HALL MEETING

Dan Dierking - NCREIF

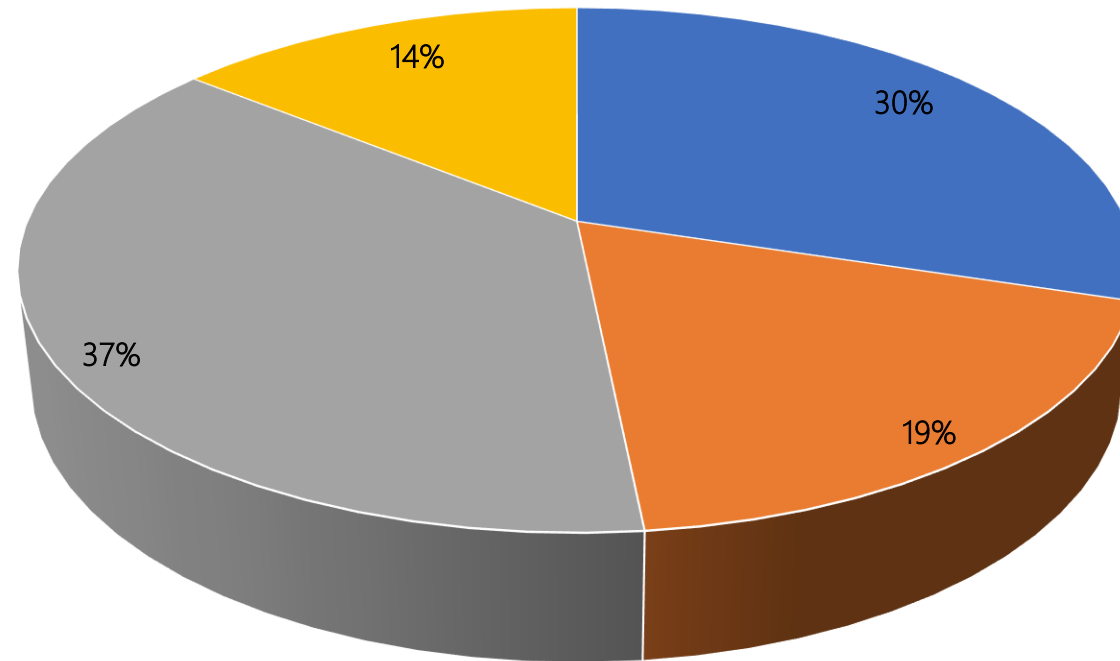


# Membership Counts



# Membership Counts

■ Investment Managers   ■ Plan Sponsors   ■ Professional   ■ Academic





## KEY 2025 PROJECTS



# Future of the NPI

## Classic NPI Qualifying Property Types

- Apartment
- Hotel
- Industrial
- Office
- Retail



## Expanded NPI Qualifying Property Types

- Residential
- Hotel
- Industrial
- Office
- Retail
- Self-Storage
- Seniors Housing
- Other

## Future of the NPI

- Expand transparency with the NCREIF Property Index to align with the larger industry investable property sectors.
- Align performance measurement with capital flows.
- Assist with growing investment diversification demands.
- Enhanced NCREIF Property Index Inclusion Methodology.

*Support NCREIF's mission through increased transparency.*

# Future of the NPI

## Classic NPI

- Frozen
  - (history does not change)
- Five Property Types only
- Operating Properties
- Used for Benchmarking

## Expanded NPI

- Not Frozen
  - (historical revisions accepted)
- All Property Types
- Operating Properties
- Used for Research



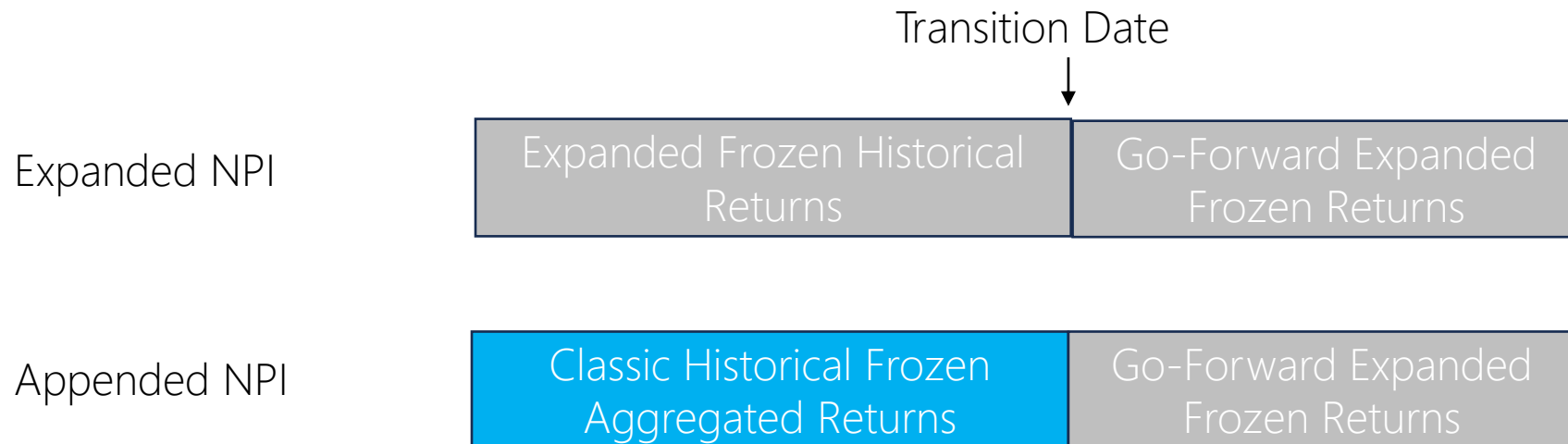
# Future of the NPI

The main question is how to we freeze the NPI going forward?

Two Options:

- Freeze Expanded to become new NPI.
- Maintain classic frozen NPI and at the end of the transition period begin to append expanded results.

## Available Frozen Return Series



# Future of the NPI

## Expanded NPI

- (+) Members do not have to choose between multiple property indexes.
- (+) Like today, can continue to easily maintain a frozen and unfrozen database for querying.
- (-) Fee contracts may be in place using Classic.
- (-) Historical frozen returns will adjust with new Frozen NPI

## Appended NPI

- (+) Historical frozen data does not change
  - (+) Managers / Investors will not have to explain or formally switch to a new index
- (-) Historical dataset does not transition to the new property types or subtypes
  - (-) Returns are only available at national level and property type.
  - (-) Residential return time series starts with the flip and will not have historical returns.
  - (-) Apartment returns time series stops with the flip and will not be made available going forward.
- (-) Query Tool not available given dataset breaks. Will cause too many user challenges.
- (-) Variance in returns, property counts and other performance measures between research and appended NPI
- (-) Increased Staff support required to manage questions and education of different numbers.

## Expanded ODCE

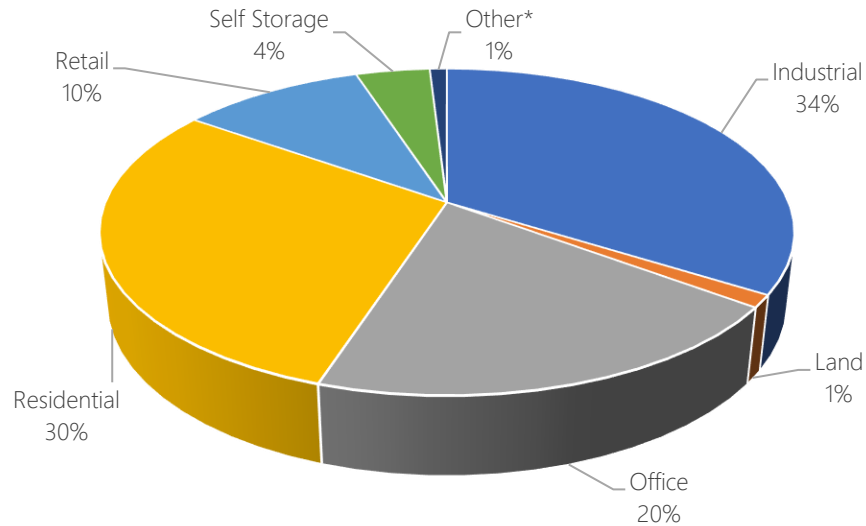
**Property Types** – at least 75% of the fund's aggregate gross market value of real estate at effective ownership share are invested in office, industrial, residential, and retail property types. For purposes of this test, the fund is allowed to include the value of a loan investment if the underlying collateral is one of the four property types mentioned.

**Property Subtypes** – An aggregated maximum of 25% of the fund's aggregate gross market value of real estate at effective ownership share can be invested in the six expanded property subtypes that are single family rental, manufactured housing, student housing, industrial life science, office life science, and medical office.

# Expanded ODCE

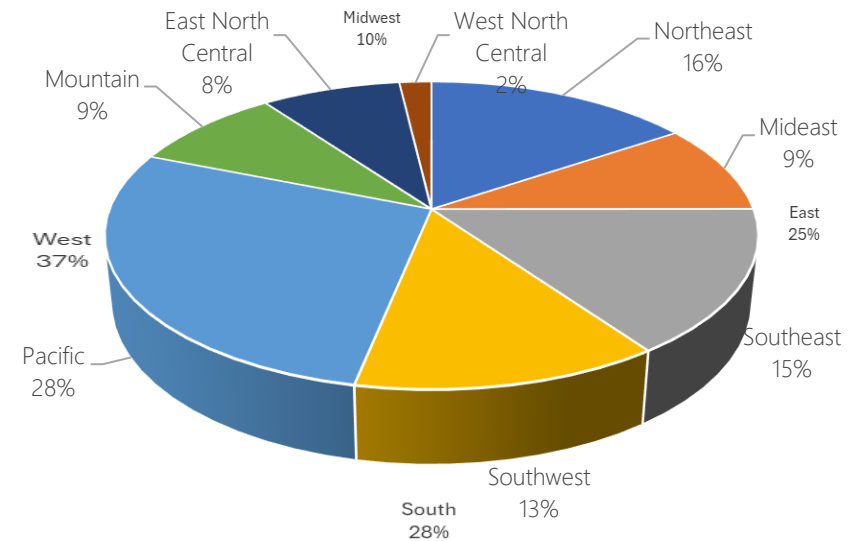
- Utilize expanded property level data to report ODCE measures
- Incorporate new property types and subtypes into ODCE reporting
  - Detail PDF
  - Detail XLS
  - Inclusion Criteria

### Property Type for ODCE – 2024q2



\*Other = Other, Hotel and Seniors Housing

### Region for ODCE – 2024q2



# Valuation Trends

## VALUATION TRENDS

EXPANDED NFI-ODCE  
2Q2024 REPORT

2Q24 Expanded NCREIF ODCE Valuation Trends											
	20222	20223	20224	20231	20232	20233	20234	20241	20242	QoQ Change	YoY Change
<b>Overall</b>											
<b>Total</b>											
Prop Count	2,951	3,360	3,360	3,366	3,407	3,403	3,429	3,456	3,439	-17	32
Value PSF	\$411	\$417	\$403	\$379	\$375	\$361	\$352	\$339	\$339	\$1	-\$35
Discount Rate	5.99%	6.18%	6.51%	6.66%	6.82%	6.96%	7.19%	7.29%	7.35%	6	53
Terminal Cap Rate	4.84%	4.94%	5.20%	5.32%	5.45%	5.58%	5.77%	5.85%	5.88%	3	43
Going In Cap Rate	3.69%	3.89%	4.04%	4.20%	4.33%	4.46%	4.66%	4.77%	4.82%	5	49
Three Year Rent Growth	3.97%	3.86%	3.77%	3.61%	3.55%	3.48%	3.33%	3.28%	3.24%	-4	-31
Ten Year Rent Growth	3.30%	3.27%	3.24%	3.23%	3.22%	3.15%	3.09%	3.09%	3.10%	1	-12
Percent Leased	93.5%	94.5%	94.3%	94.5%	94.4%	93.8%	93.3%	93.3%	93.4%	10	-100
Capital Return	2.40%	-0.51%	-4.93%	-3.20%	-3.13%	-2.50%	-4.43%	-2.58%	-1.20%	138	193

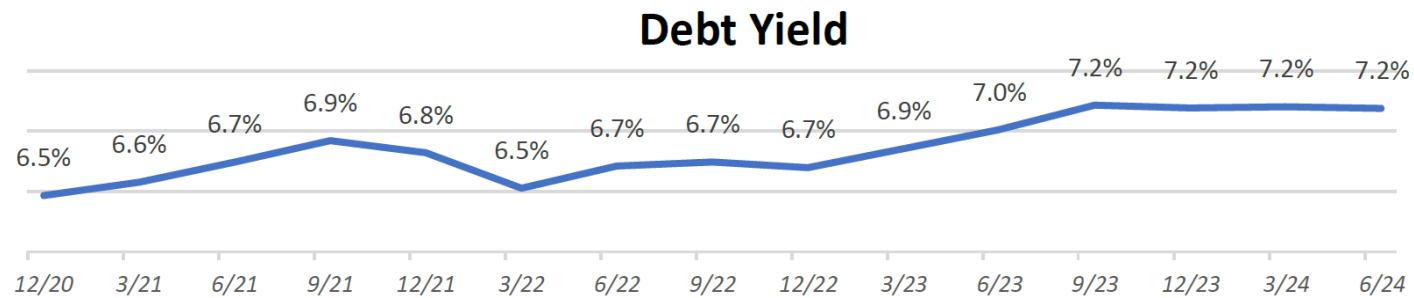
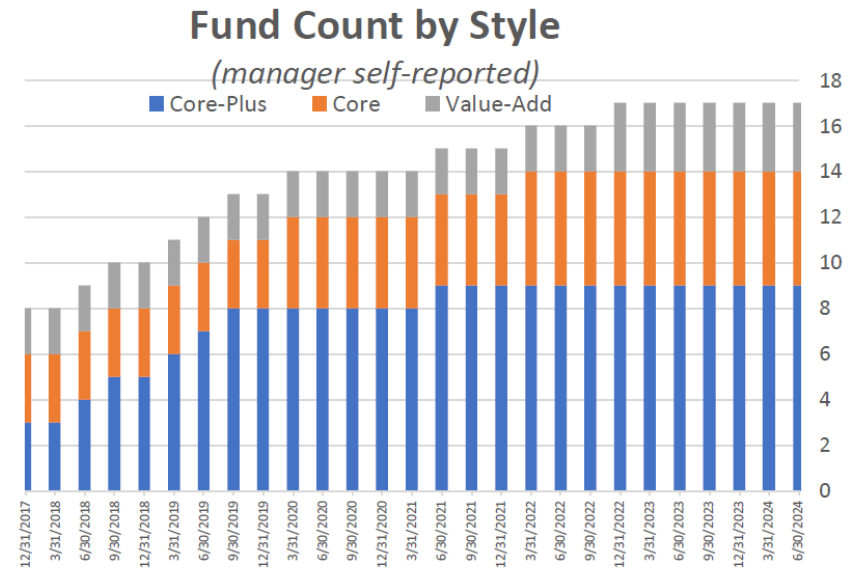
## Phase II

- Improve accuracy of Market and Contract Rent
- Increase volume data fields being submitted
- Expand to All Open-end Funds
- Add additional fields
- Projected Net Operating Income by Year (Years 1 thru 11 of DCF analysis)
- Annual Market Rent Growth applied (Years 2 thru 11 of DCF analysis)

The Aggregate  The Index

# Debt Aggregate

- 15 Managers, 17 Funds, \$40 billion, 786 loans
- Fund level - Equal-weight returns
- Managers, primarily NCREIF members, include
- ARES, Barings, CIM, CrossHarbor, Greystone, Heitman, Invesco, MetLife, Nuveen, PGIM, SoundMark, Third Point, UBS, VOYA, Walton St.





# Debt Index

## The Index

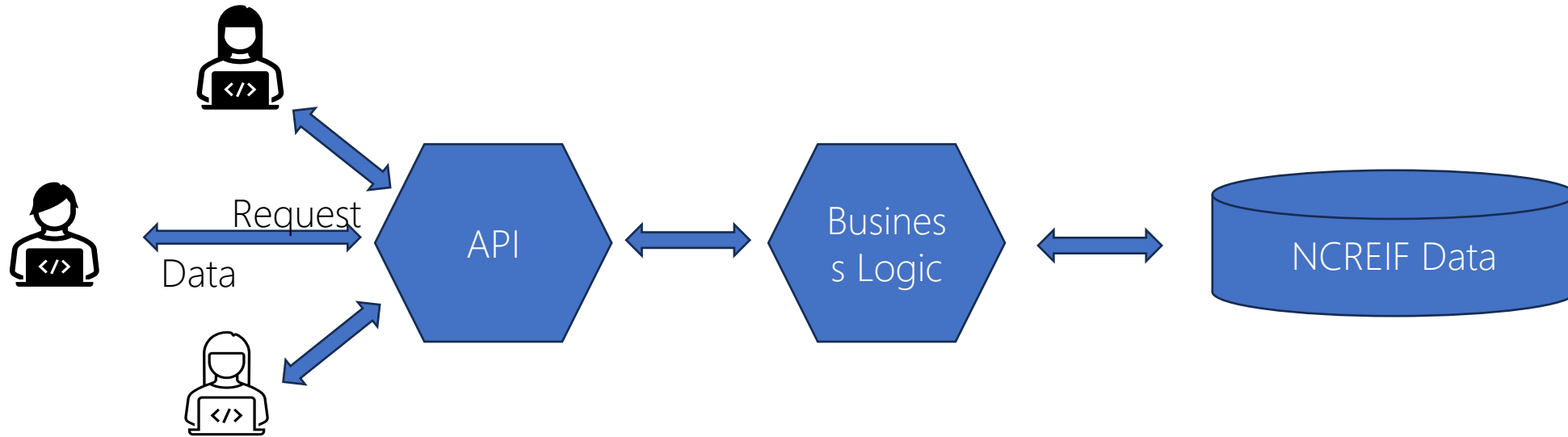
- Task Force consisting of Clarion Partners, Nuveen, Principal, UBS and CREFC
- Style Definitions and Inclusion Criteria for three buckets
  - Low Yield Core
  - Moderate Yield Core-plus
  - High Yield Non-core
- Moderate Yield Core-plus Index to be created by mid 2025

# The Standards

## The Standards

- NCREIF PREA Debt Reporting Manual
- Three main sections
  - Accounting
  - Valuation
  - Performance Measurement
- Task Force and Steering Committee
- Public Comment Document before end of the year

# Technology Update – Property Level API



Phase I Launch

December 2024

Ready for Q4 utilization

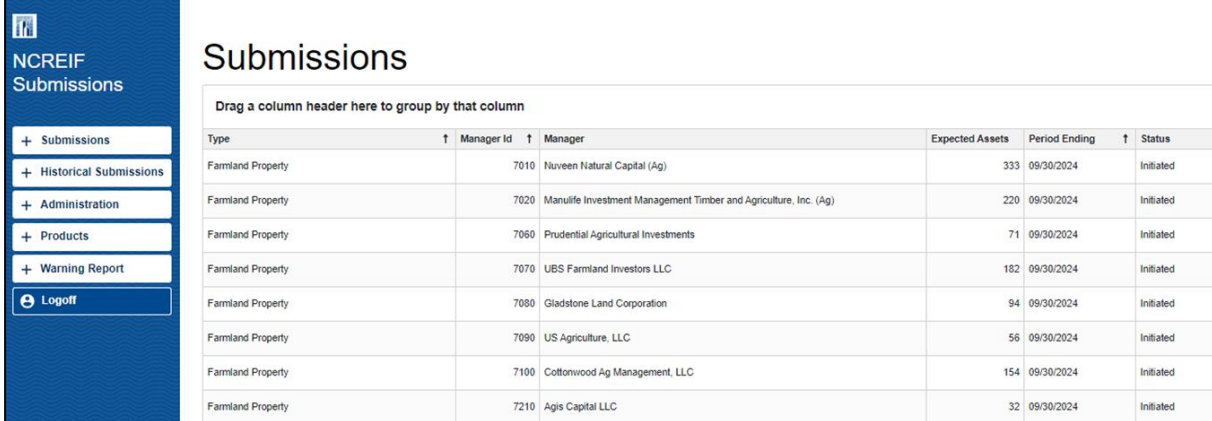
Phase II:

- Incorporate additional features.
- Roll out client programs to provide further usability.

# Technology Update

## Farm & Timber System

- New Farm & Timber Submission System Launched
- Submission speed improved
- Enhanced validation processing
- Increase administration functionality
- Foundation established for future scalability



The screenshot shows the NCREIF Submissions interface. On the left is a navigation menu with options: Submissions, Historical Submissions, Administration, Products, Warning Report, and Logoff. The main area displays a table titled 'Submissions' with a header 'Drag a column header here to group by that column'. The table has columns for Type, Manager Id, Manager, Expected Assets, Period Ending, and Status. All entries are 'Farmland Property' with a status of 'Initiated' and a period ending of '09/30/2024'.

Type	Manager Id	Manager	Expected Assets	Period Ending	Status
Farmland Property	7010	Nuveen Natural Capital (Ag)	333	09/30/2024	Initiated
Farmland Property	7020	Manulife Investment Management Timber and Agriculture, Inc. (Ag)	220	09/30/2024	Initiated
Farmland Property	7060	Prudential Agricultural Investments	71	09/30/2024	Initiated
Farmland Property	7070	UBS Farmland Investors LLC	182	09/30/2024	Initiated
Farmland Property	7080	Gladstone Land Corporation	94	09/30/2024	Initiated
Farmland Property	7090	US Agriculture, LLC	56	09/30/2024	Initiated
Farmland Property	7100	Cottonwood Ag Management, LLC	154	09/30/2024	Initiated
Farmland Property	7210	Agis Capital LLC	32	09/30/2024	Initiated

## SOC 2 Compliance

- Security
- Processing
- Confidentiality
- Availability
- Privacy



Global Alliance

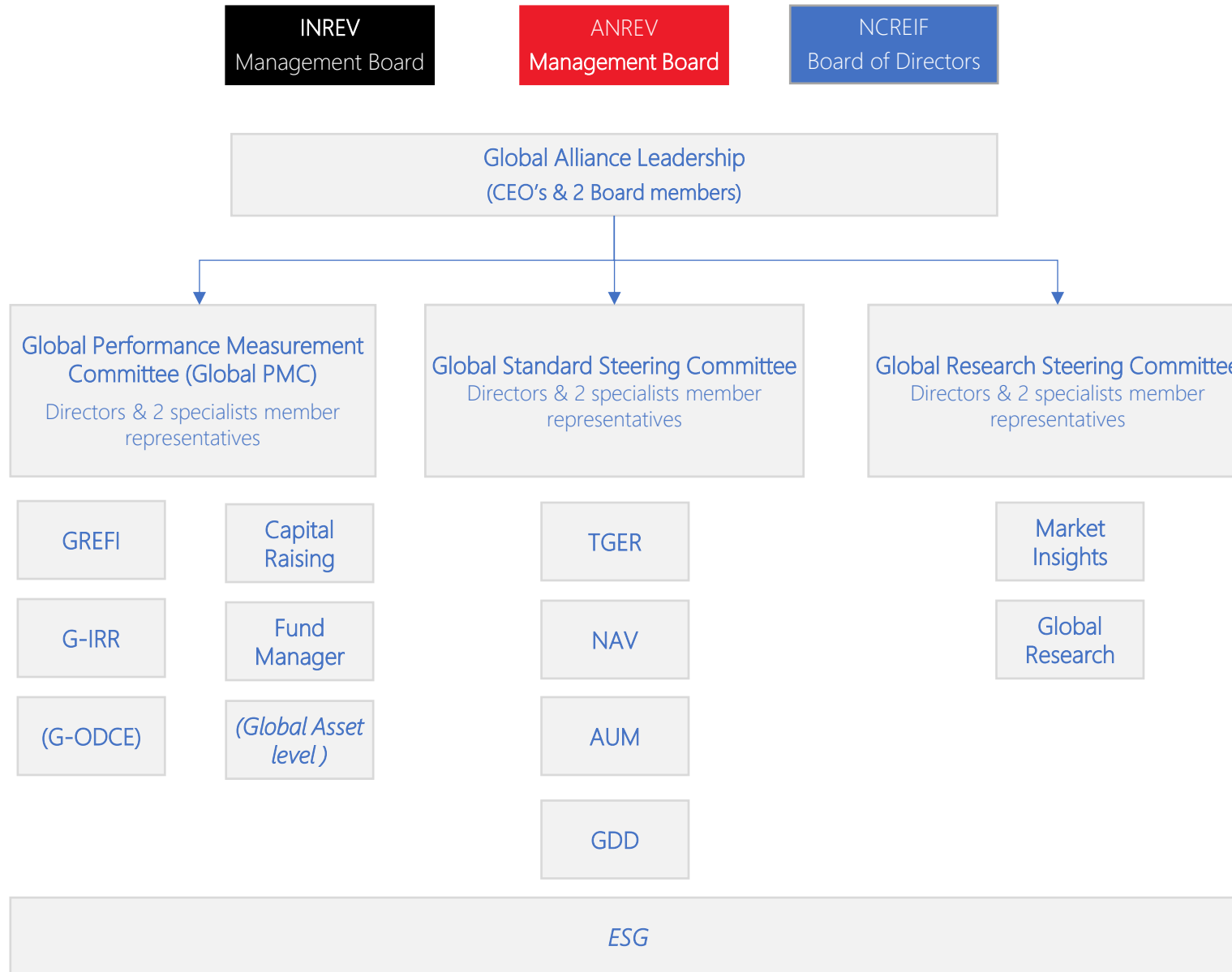
**ANREV**

**INREV**




**NCREIF**

# Global Alliance



# MEMBER PROGRAMS

# Conferences - Calendar of Events

2025	2025	2025	2026	2026
Spring Conference	Academy Week	Fall Conference	Spring Conference	Fall Conference
				
PHOENIX, AZ	DALLAS, TX	HOLLYWOOD, FL	SCOTTSDALE, AZ	ORLANDO, FL
APRIL 7-9	JUNE TBA	OCTOBER 27-30	MARCH 16-19	OCTOBER 12-15



# Virtual Sessions

## Goals:

- Keep regular committee attendees engaged while reducing onus on member budgets and time spent out of office.
- Engage with staff at member firms that may not be able to regularly attend in person.

## Further Reach:

- Performance Measurement Committee Meeting
  - Averaging about 70 people during fall and spring. The virtual meeting had 150 attendees!
- Valuation Committee Webinar
  - 430 people attended.
- Research Economic General Session
  - Of the 166 attendees, over 100 were not on any Committee Distribution list

# Education – Class Schedule

	Phoenix, AZ	SMU - June	Hollywood, FL	Virtual
Essentials of Institutional Real Estate Investment		Mon-Tue		
Introduction to Reporting Standards				9/24-25; 11a-1p
Digging into Reporting Standards	10-Apr			
Performance Measurement and Benchmarking			27-Oct	
Attribution and Risk Analysis		Wed		
Institutional Portfolio Construction & Strategy			30-Oct	
Asset and Debt Valuation				2025
Investment Analysis and Due Diligence	7-Apr			
Real Estate Fund Formation		Wed		
Investment Vehicles: Key Terms and Fee Structures			27-Oct	
Sustainability				2025
Performance Reporting and Manager Evaluation		Thu		
Space Markets Analysis	7-Apr			

## Education – 2024 Certificates Completed

1. Christopher Andrulis: Meketa
2. Christina Chan: Realterm
3. Christine Munoz: Affinius Capital
4. Stacy Okasaki: CalPERS
5. Ammon Shumway: MultiGreen Properties
6. Dina Tholen: Chatham Financial
7. Carolyn Douglas: Student

# Committee Accomplishments

## ESG:

- DEI Page on Website with links to PREA's DEI Resource Library and to Global RE DEI Survey, and with description of NCREIF DEI Partnership Offering. ([ncreif.org/about/dei/](https://ncreif.org/about/dei/))

## Performance Measurement:

- Review of Academic Glossary Formulas. Beginning with these Florida classes, we are distributing the Glossary of Formulas to all students.

## Performance Measurement and Research:

- Expanded NPI was born of a joint task force. Index was officially published beginning with 2024 Q1 data.
- Modified Inclusion Criteria for NPI as it relates to Operating Lifecycle. Implemented with the Expanded NPI beginning with 2024 Q1 data.

## Research:

- Clarified Guidance for Garden Apartment submissions. Committee voted to match the NHMC definition.
- Revised Guidance for submitted Retail - High-End. Retailers reviewed and new list published.
- Reviewed and revised mission statement.
- Zip Codes – task force assists to Staff on assigning geographic field for new zips introduced to our database (i.e., CBD/Urban/Secondary Business District/Suburban). Every property in the database gets an assigned geography, not just Office.

## Valuation:

- Reviewed and revised Valuation of Development Properties Discussion Paper. Official title is Recognition and Measurement of Entrepreneurial Profit for Development Assets and is Posted to the knowledge Base.
- Valuation Trends Report released.
- Formation of Valuation Service Provider Subcommittee. They plan to meet virtually.

## Timberland

- Reviewed and revised mission statement.

# Committee Awards

## Accounting



Megan Hess  
DWS

## Research



Arthur Jones  
Principal Real Estate

## Valuation



Keith Strohl  
NPV Advisors

## ESG



Dominique Hargreaves  
American Realty Advisors

## Research



Jacob Anderson  
Heitman

# THANK YOU

Dan Dierking

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