NCREIF

National Council of Real Estate Investment Fiduciaries

Second Quarter 2025

Data and Indices Results Webinar

Today's Panelists

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NCREIF Data, Research & Education Consultant

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Director, BlackRock Real Estate

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.

Warm up Question #1

On balance, what do you think the net impact of the "Big Beautiful Bill" be on Institutional real estate fund returns?

A. Unfavorable

B. Neutral

C. Favorable

D. I have no idea

Warm up Question #2

On balance, what do you think the net impact of tariffs be on Institutional real estate fund returns?

A. Unfavorable

B. Neutral

C. Favorable

D. I have no idea

The NCREIF Indices

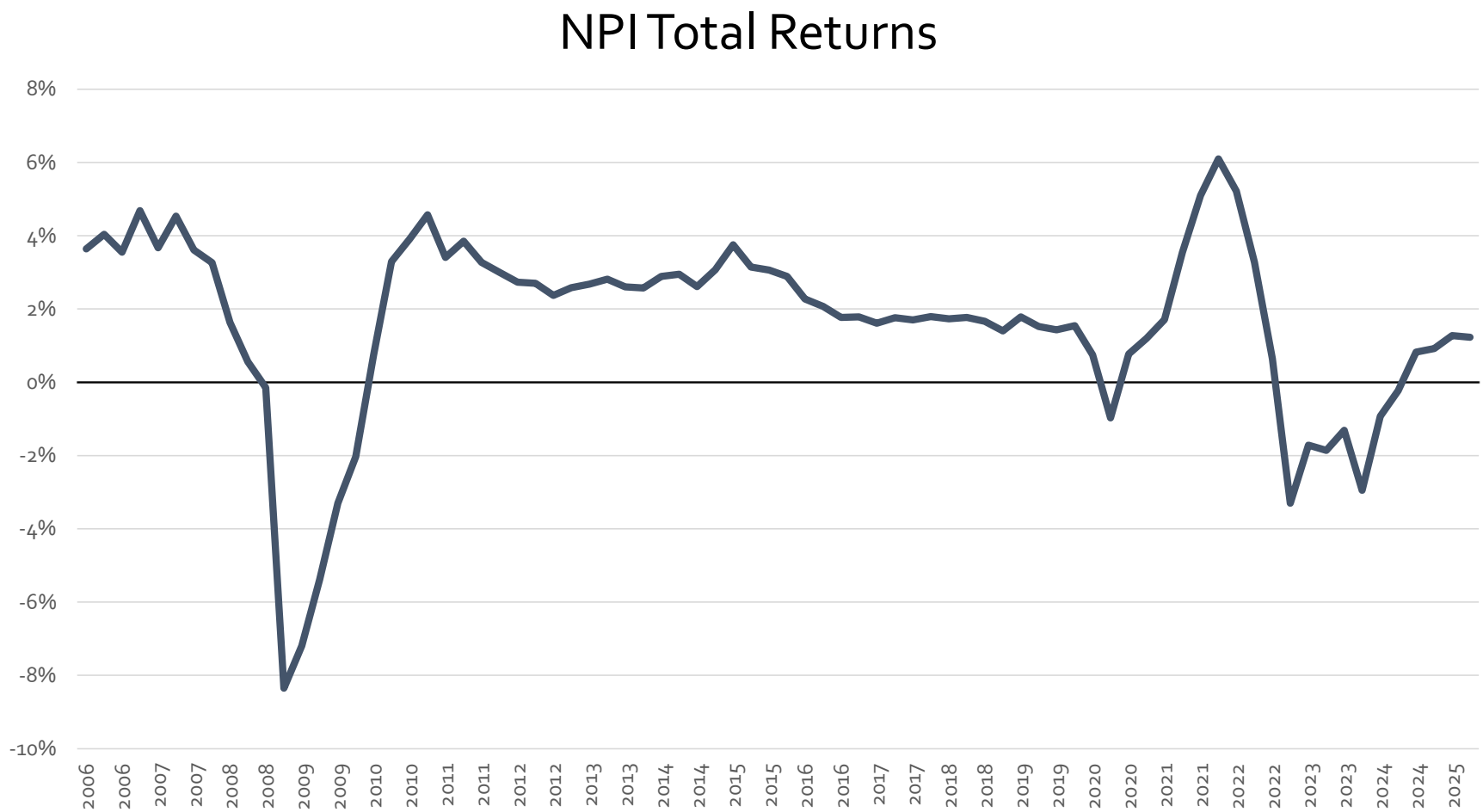
	NCREIF Property Index (New / Expanded)	NCREIF Property Index (Old / Classic)	NCREIF ODCE Index
Peer set	Property	Property	Funds
Property Types	• Residential • Industrial • Office • Retail • Hotel • Self Storage • Seniors Housing • Other	• Apartments • Industrial • Office • Retail • Hotel	Mostly: • Apartments • Industrial • Office • Retail • Hotel But: also other
Life Cycle	Operating	Operating	Any (75% stabilized)
Debt	Unlevered	Unlevered	Levered (up to 35% LTV)
Investable	No	No	Yes

2Q Headline Results

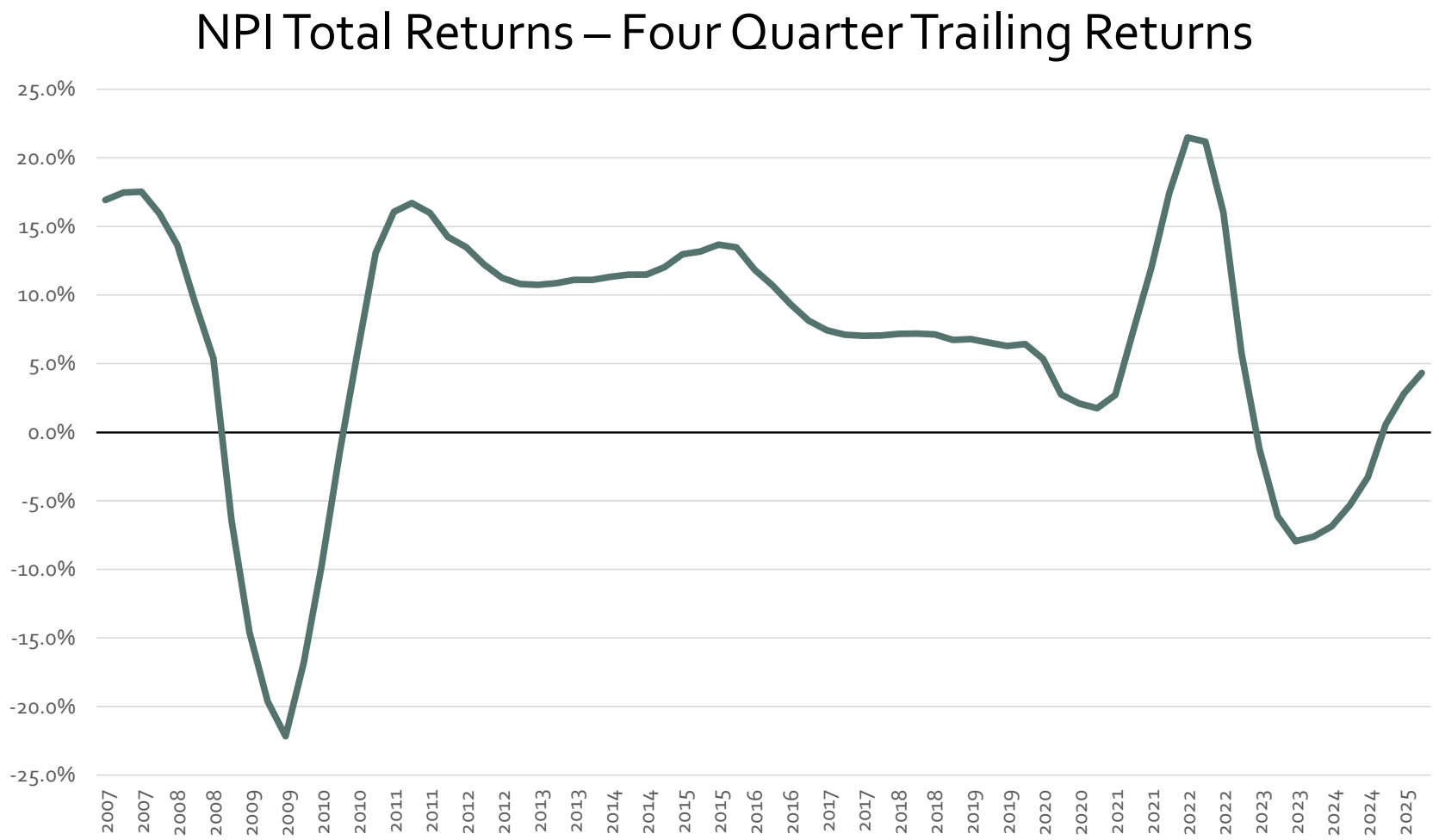
Index / Benchmark	2Q 2025	1Q 2025	Trailing 4Q Total
NCREIF Property Index (New)	1.2%	1.3%	4.3%
NCREIF ODCE	1.0%	1.0%	2.0%
Consumer Price Index	0.9%	1.3%	2.7%
NAREIT All Equity REIT	-0.9%	2.8%	9.2%
Russell 3000	11.0%	-5.0%	15.4%
S&P 500 Index	10.9%	-4.3%	15.2%

Source: NCREIF; as of 30 June 2025

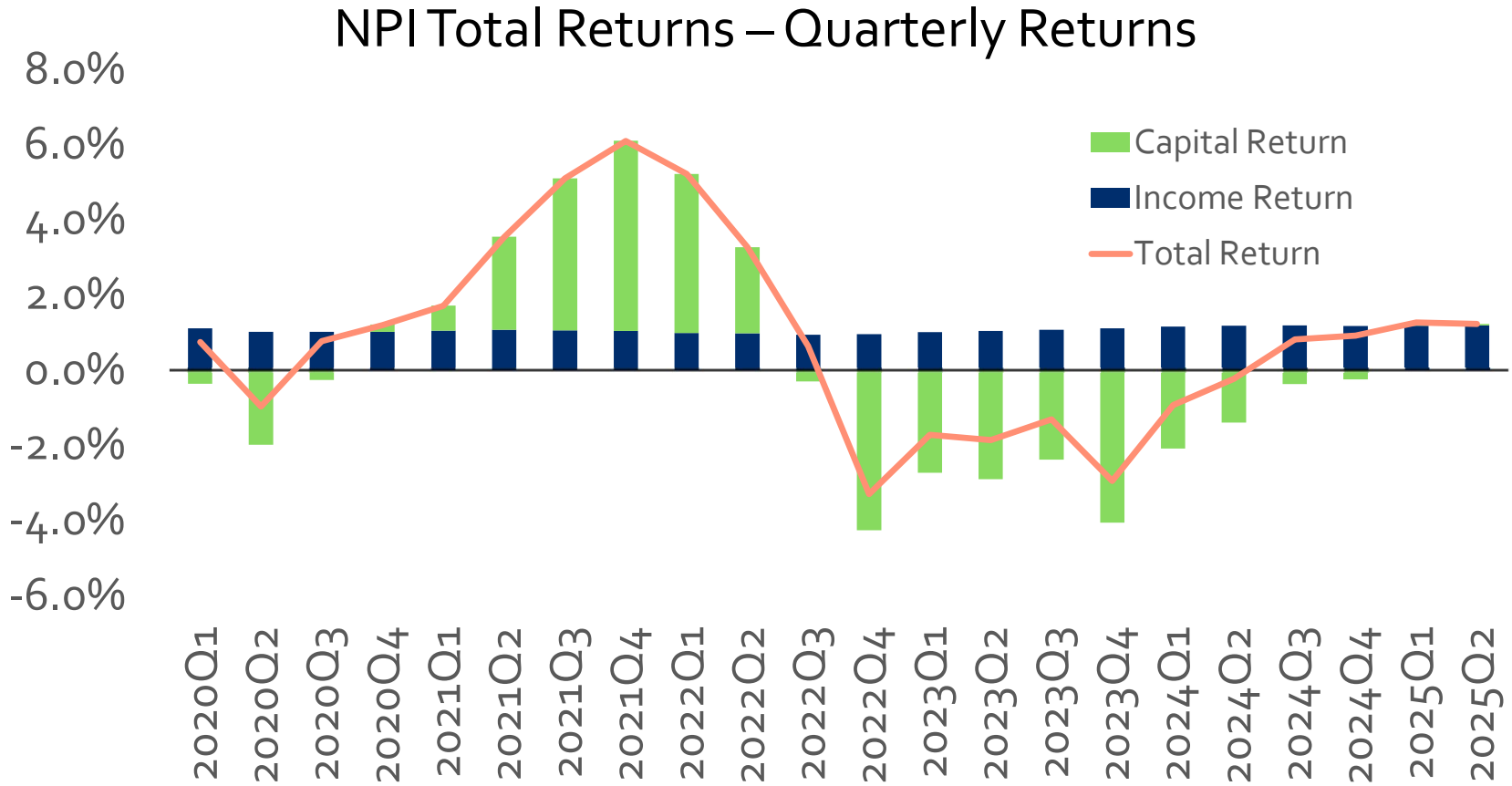
Returns Continue to be Positive



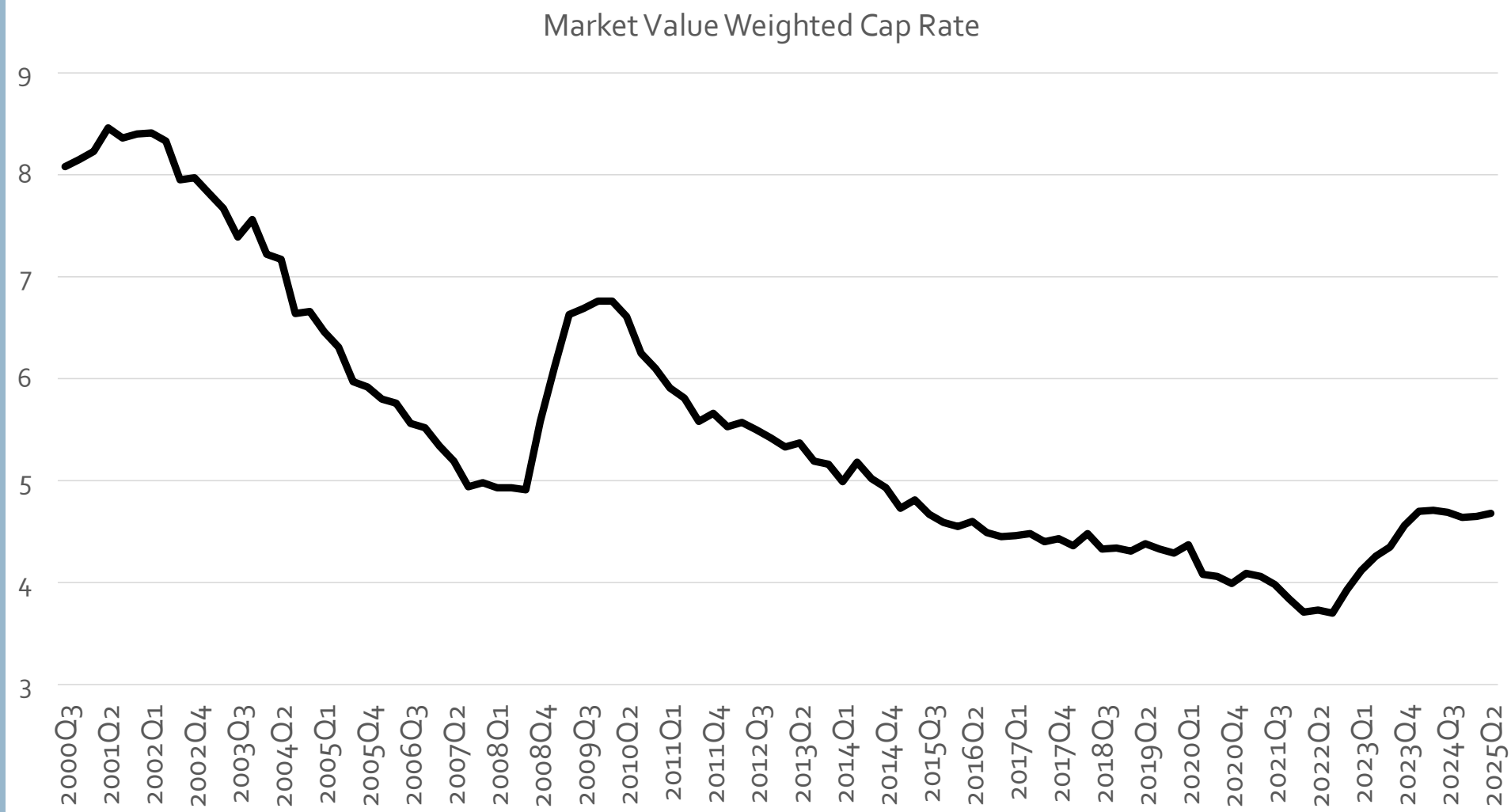
Returns Continue to be Positive



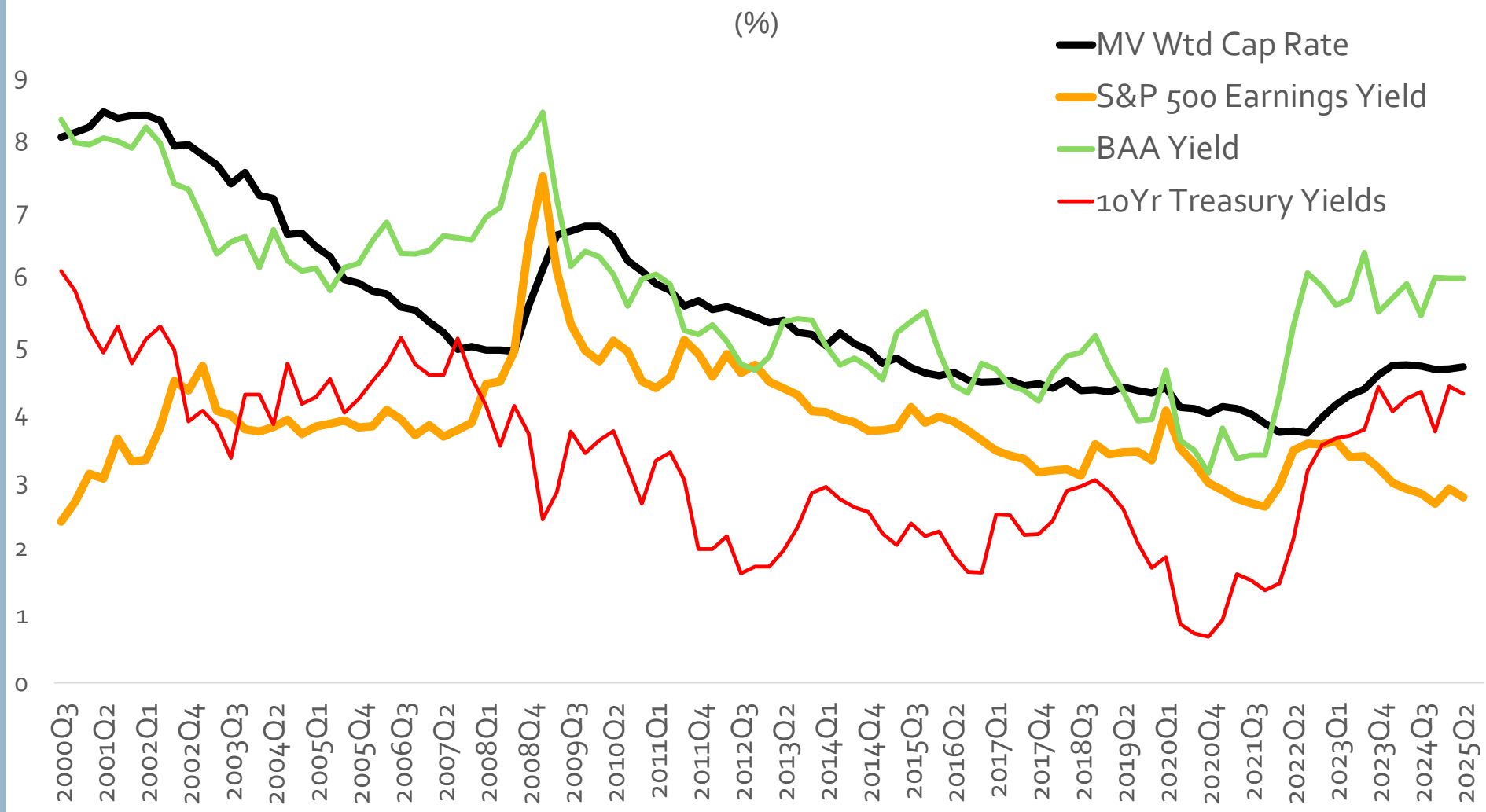
Capital Return Positive During Past Two Quarters



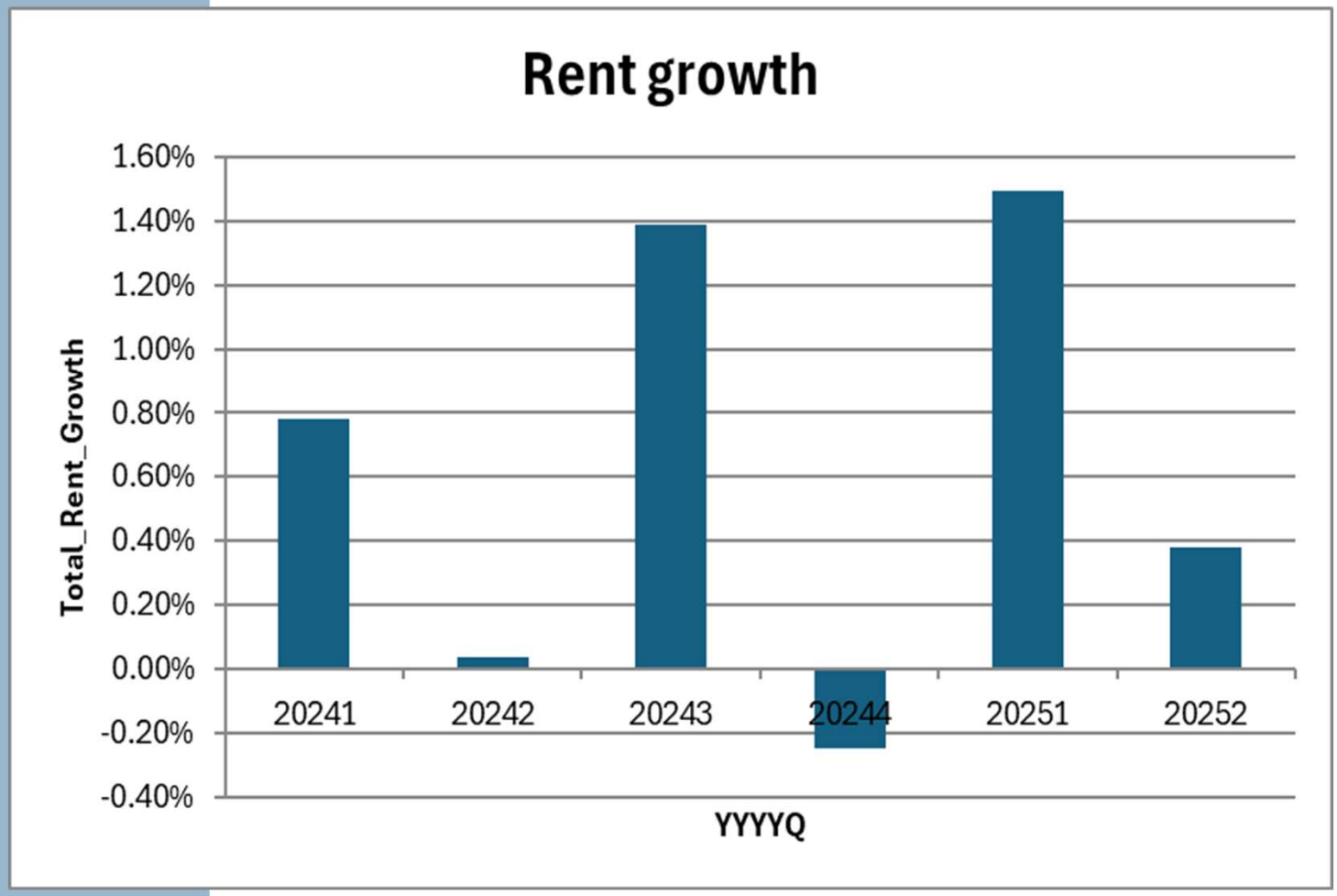
Source: NCREIF; as of 30 June 2025

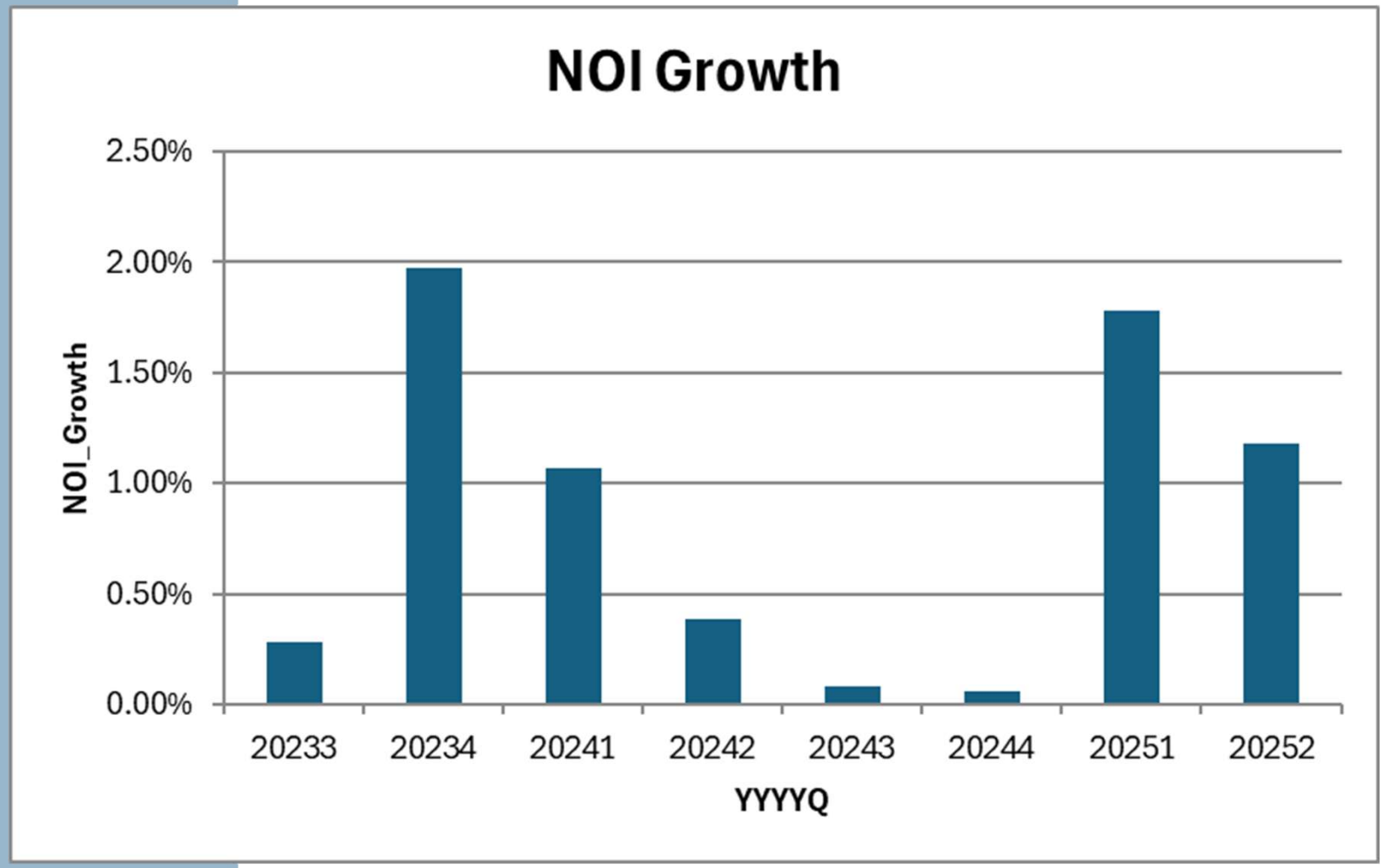


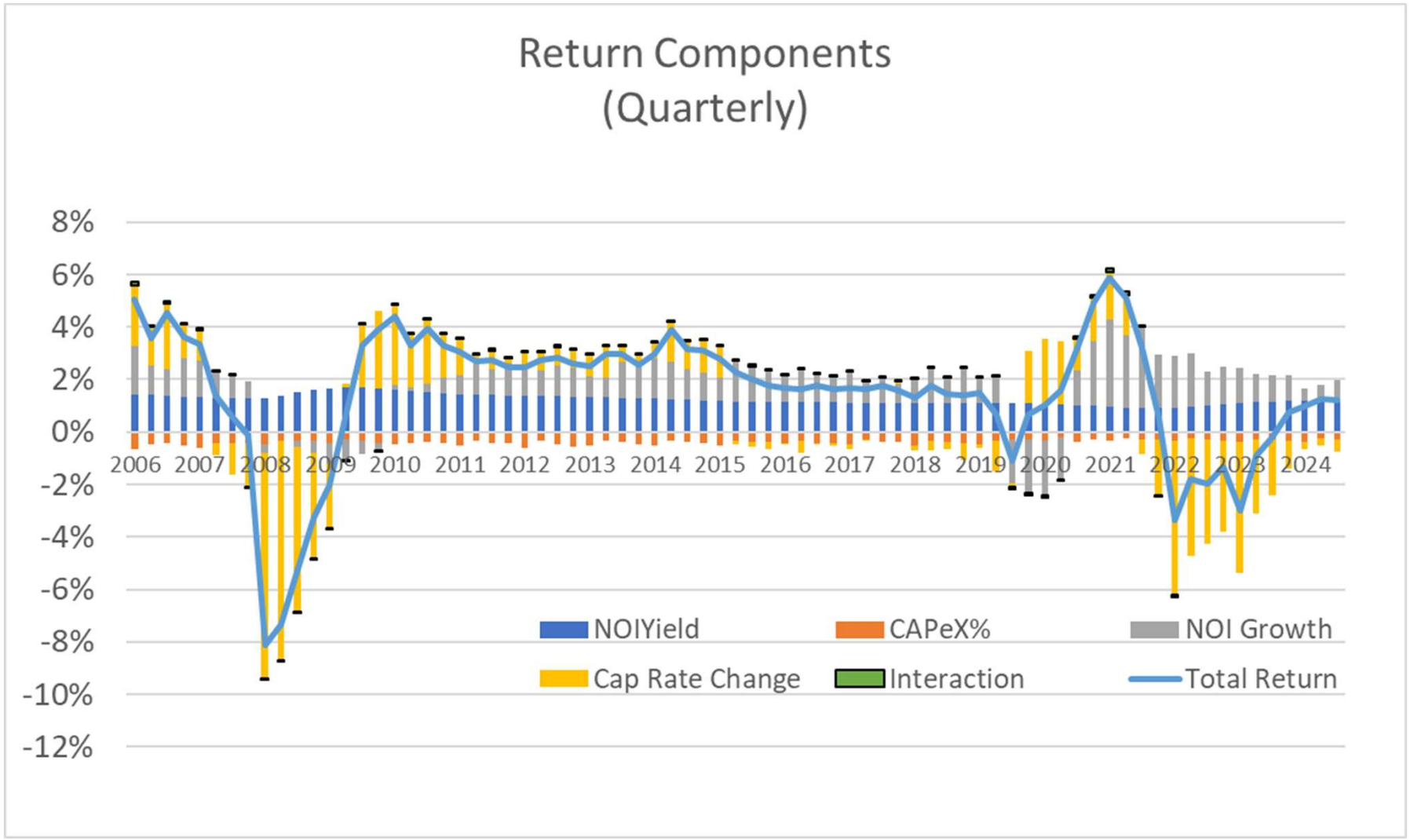
Source: NCREIF; as of 30 June 2025



Source: NCREIF; BlackRock Investment Institute; FRED (St. Louis Fed) ; as of 30 June 2025


Rent growth
1.60%
1.40%
1.20%
1.00%
0.80%
0.60%
0.40%
0.20%
0.00%
-0.20%
-0.40%
Total_Rent_Growth
20241
20242
20243
20244
20251
20252
YYYYQ


NOI Growth
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
NOI_Growth
20233
20234
20241
20242
20243
20244
20251
20252
YYYYQ


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

What surprised you most about the 2Q25 NPI performance?

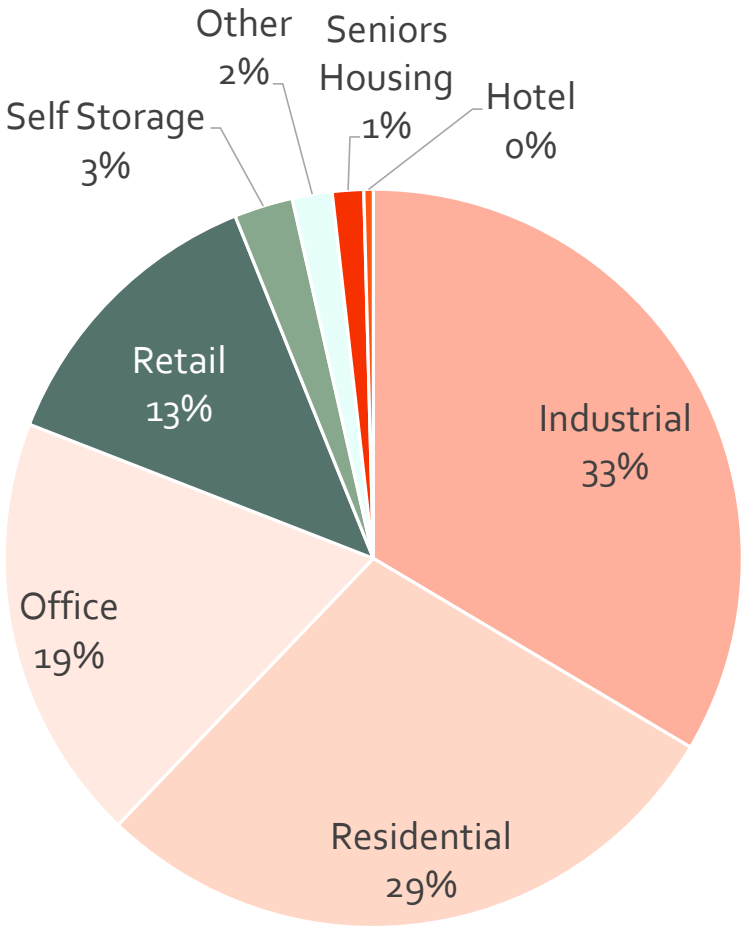
A. Returns were higher than I expected.

B. Returns were lower than I expected.

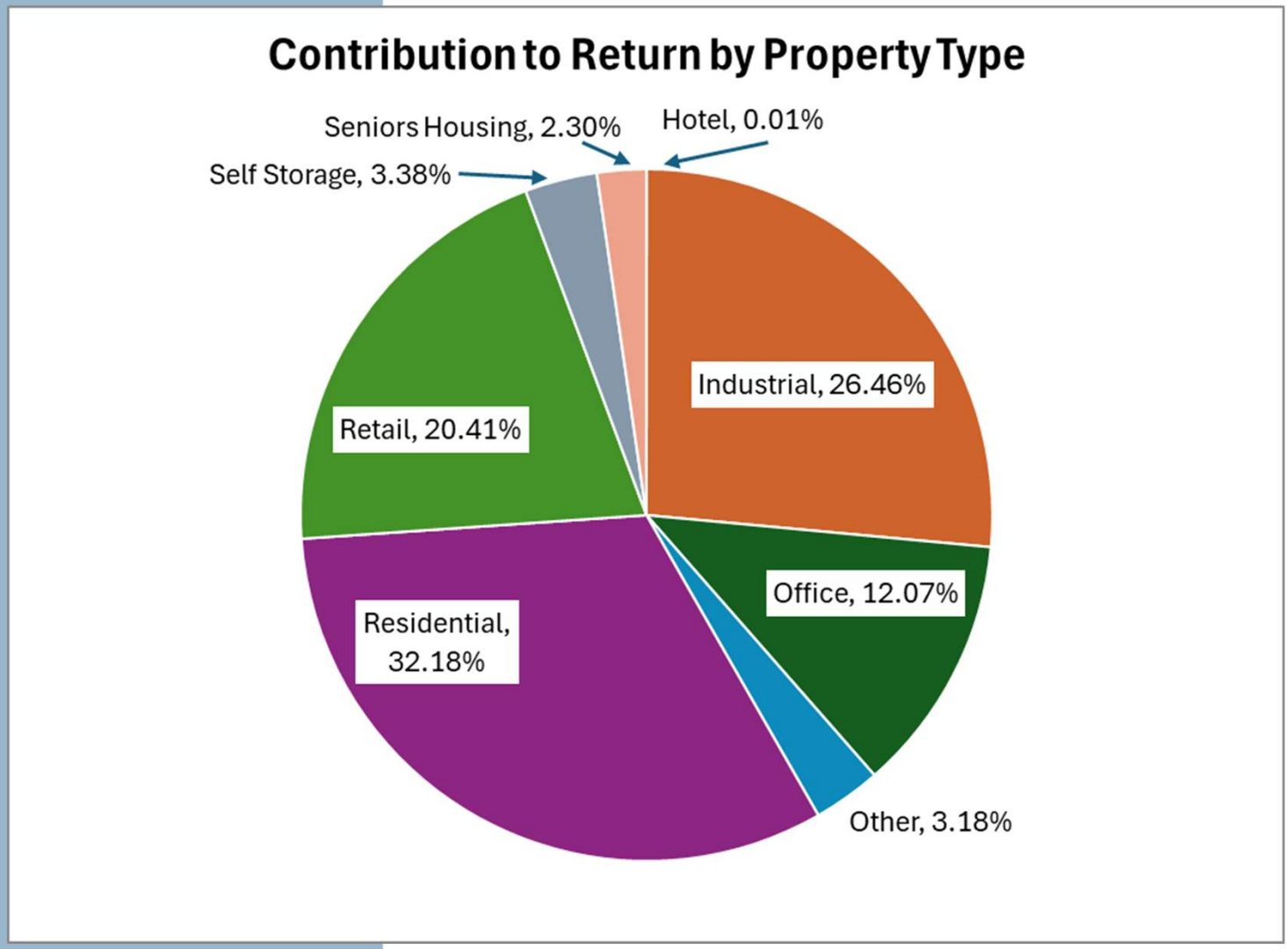
C. The performance by property type.

D. Nothing — it aligned with my expectations.

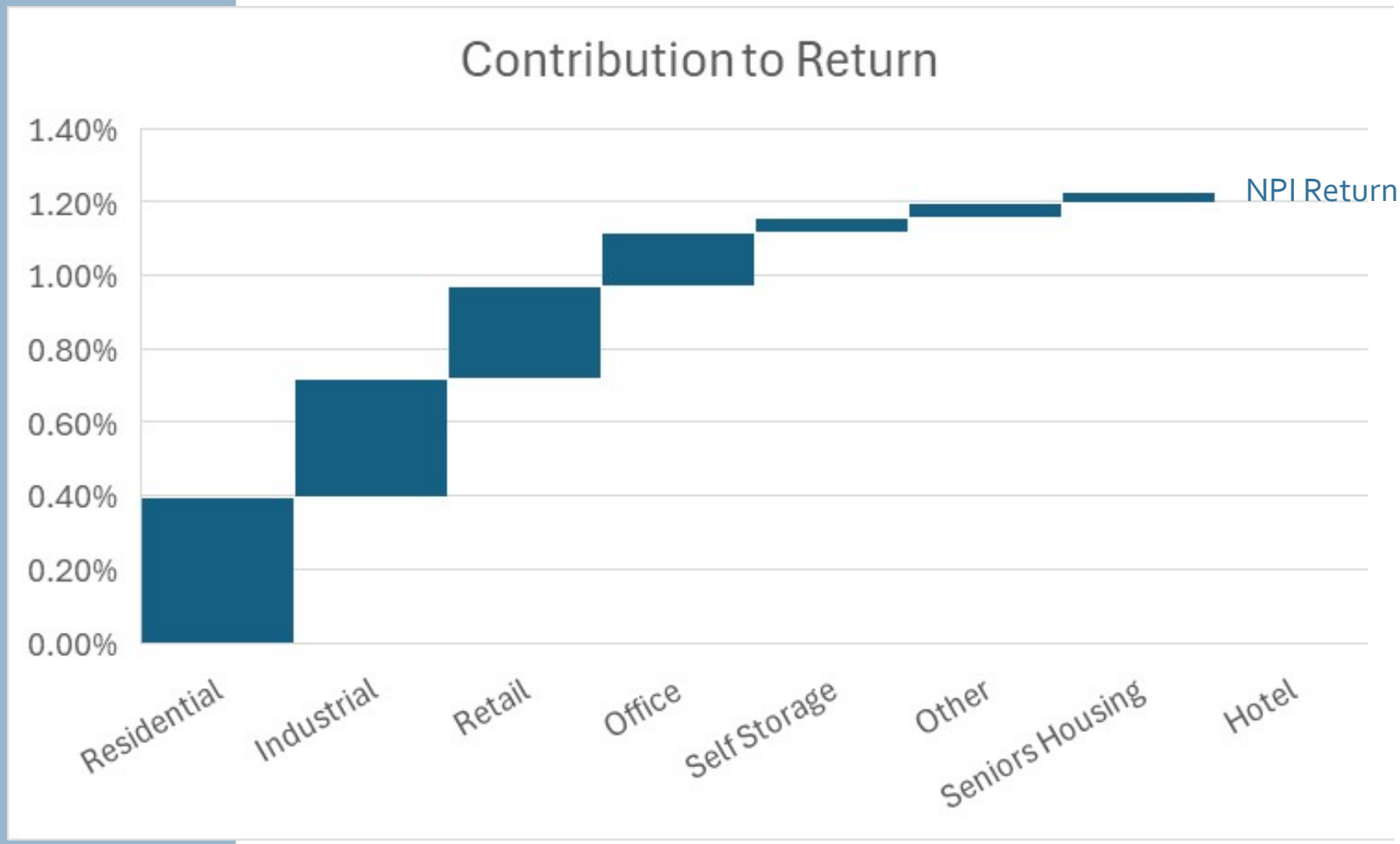
Market Weighting of the NPI



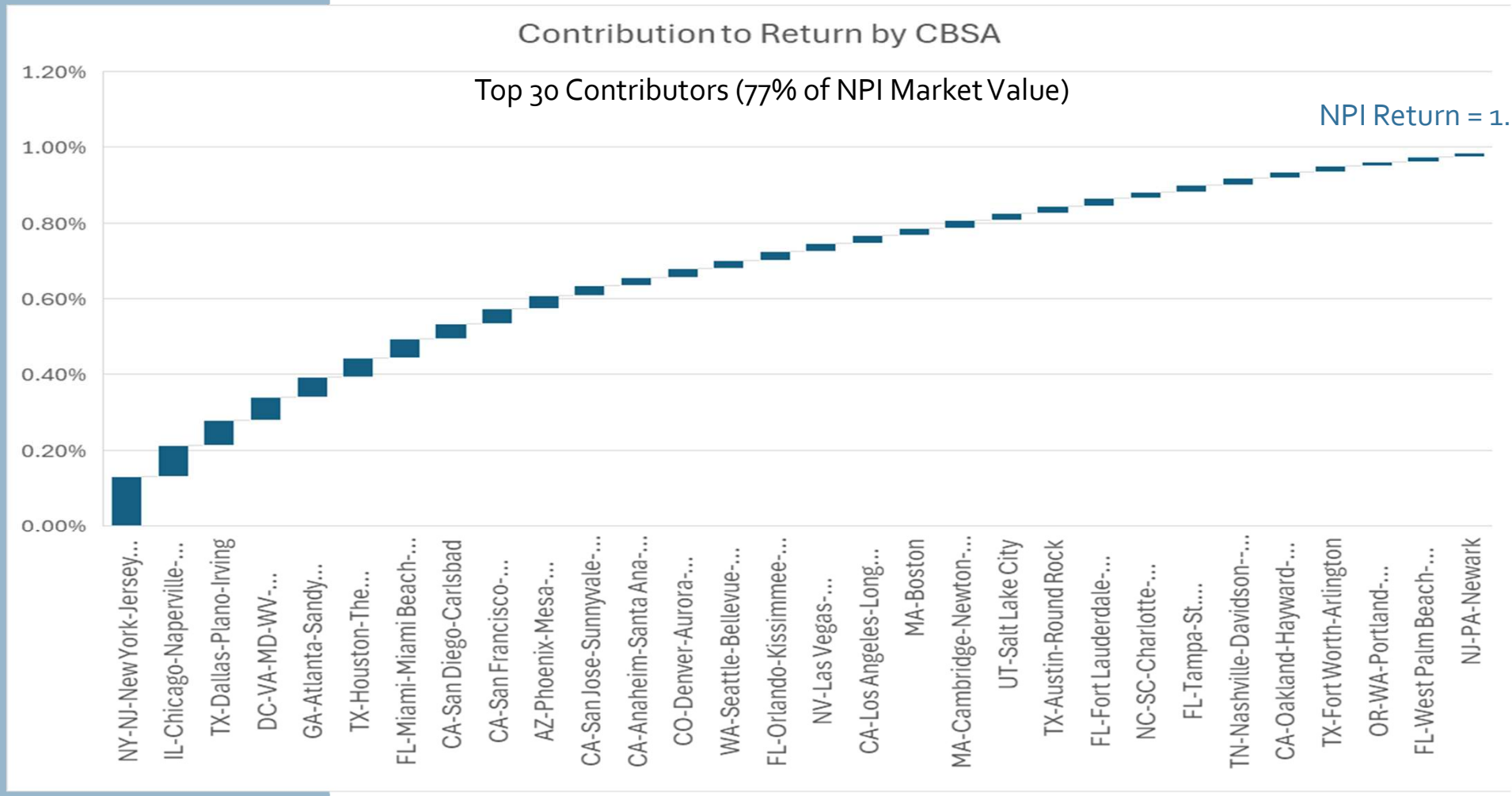
Source: NCREIF; as of 30 June 2025



Residential contributed the most to the NPI followed by industrial.

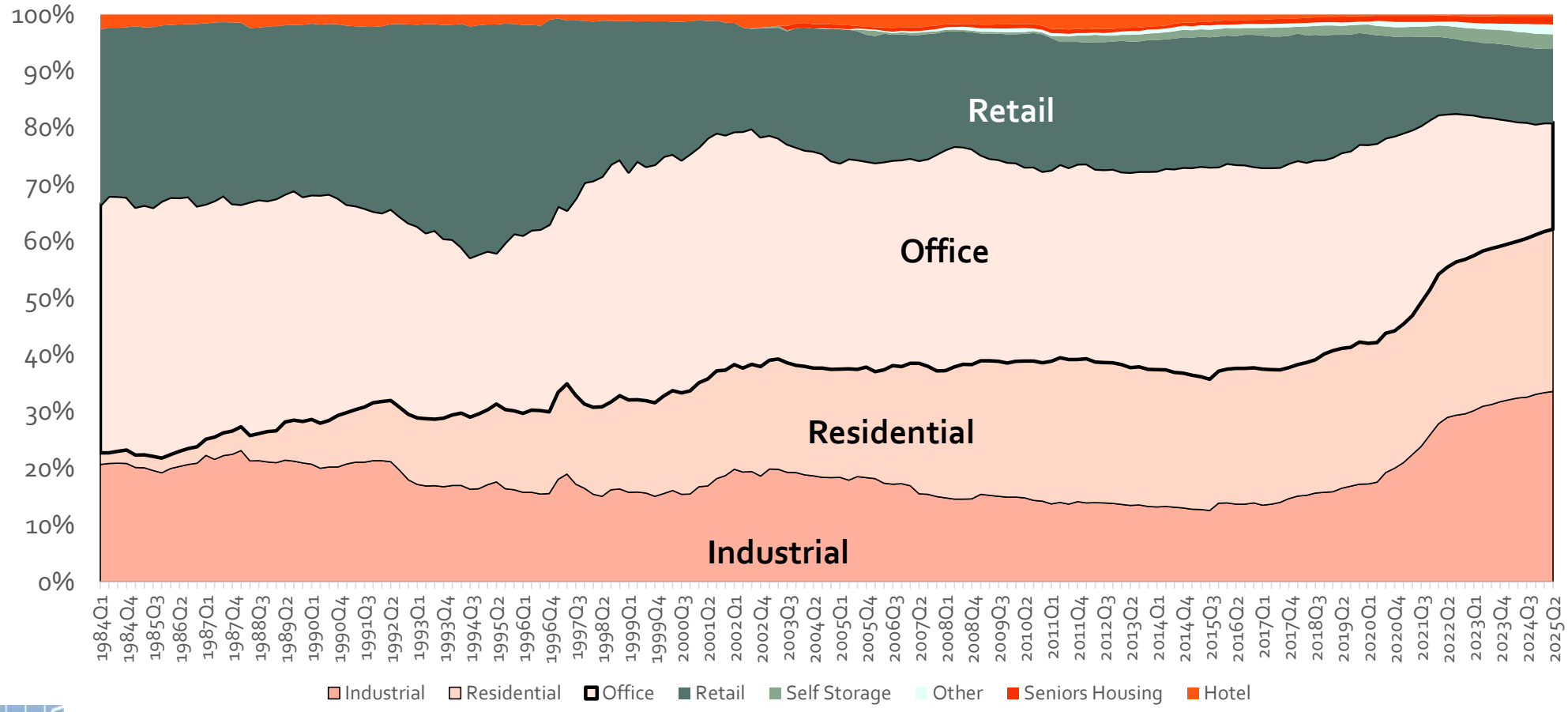


NPI Return = 1.23%


Contribution to Return by CBSA
Top 30 Contributors (77% of NPI Market Value)
NPI Return = 1.23%
1.20%
1.00%
0.80%
0.60%
0.40%
0.20%
0.00%
NY-NJ-New York-Jersey...
IL-Chicago-Naperville-...
TX-Dallas-Plano-Irving
DC-VA-MD-WV-...
GA-Atlanta-Sandy...
TX-Houston-The...
FL-Miami-Miami Beach-...
CA-San Diego-Carlsbad
CA-San Francisco-...
AZ-Phoenix-Mesa-...
CA-San Jose-Sunnyvale-...
CA-Anaheim-Santa Ana-...
CO-Denver-Aurora-...
WA-Seattle-Bellevue-...
FL-Orlando-Kissimmee-...
NV-Las Vegas-...
CA-Los Angeles-Long...
MA-Boston
MA-Cambridge-Newton-...
UT-Salt Lake City
TX-Austin-Round Rock
FL-Fort Lauderdale-...
NC-SC-Charlotte-...
FL-Tampa-St....
TN-Nashville-Davidson--...
CA-Oakland-Hayward-...
TX-Fort Worth-Arlington
OR-WA-Portland-...
FL-West Palm Beach-...
NJ-PA-Newark

A1

NPI By Market Value



Source: NCREIF; as of 30 June 2025

Slide 21

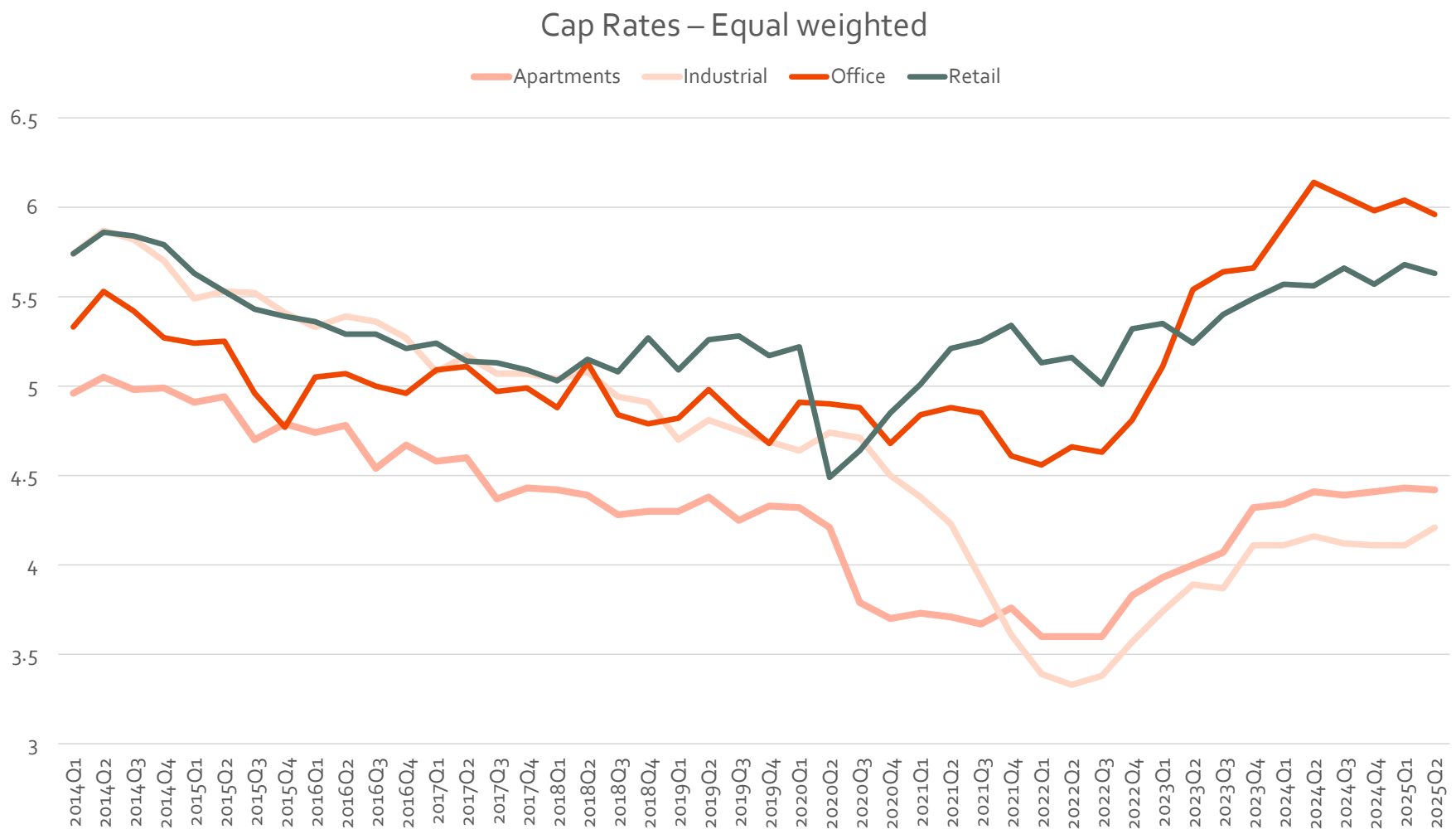
A1 TBD: data labels

Author, 2025-07-29T12:04:25.605

2Q Headline Results

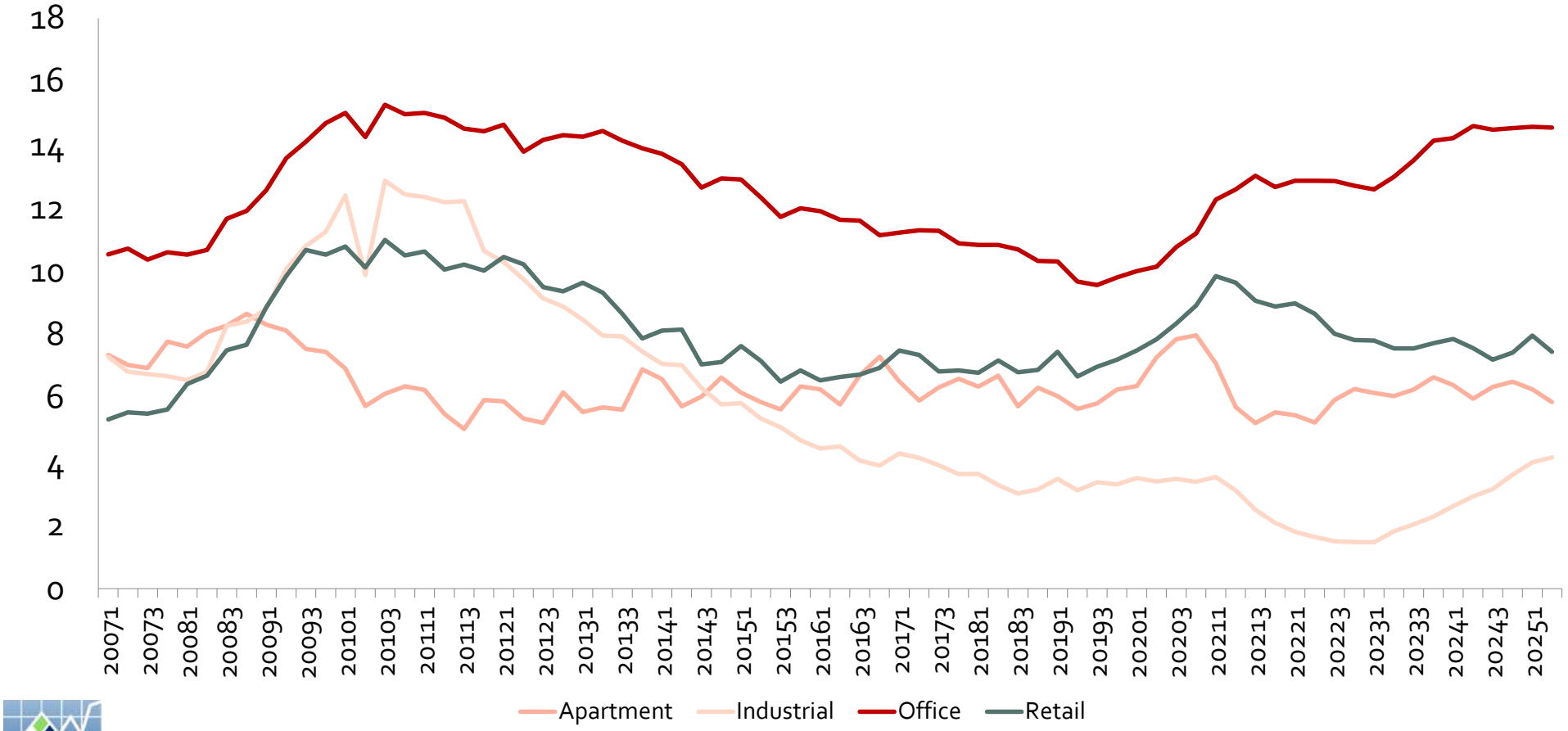
Property Type	Properties Count	2Q 2025	1 Year
Other	117	2.28	9.22
Retail	1,108	1.94	7.62
Residential	2,741	1.38	4.98
Industrial	5,623	0.97	4.59
Office	1,812	0.78	0.09
Hotel	76	0.04	4.1

Source: NCREIF; as of 30 June 2025

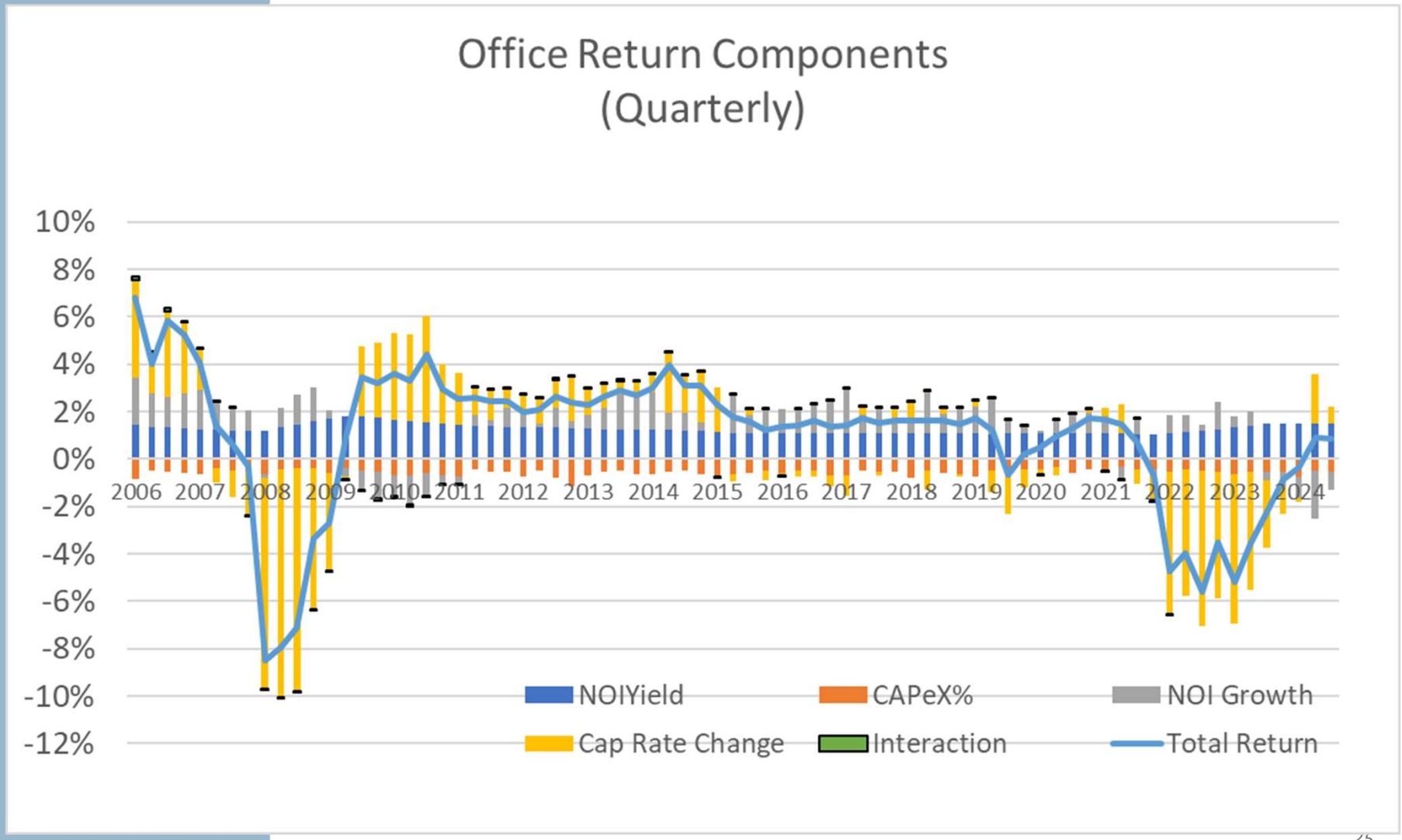


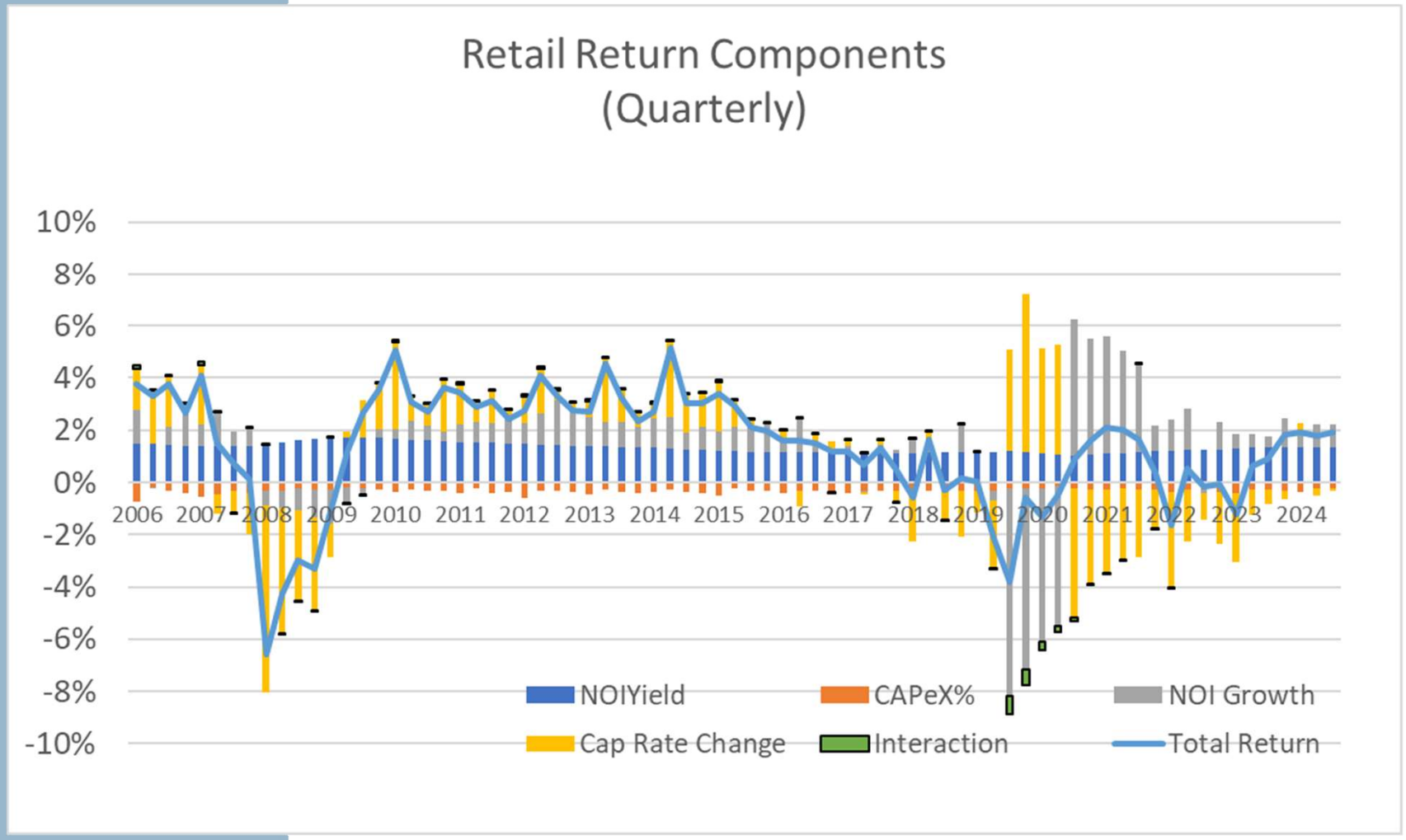
Source: NCREIF; as of 30 June 2025

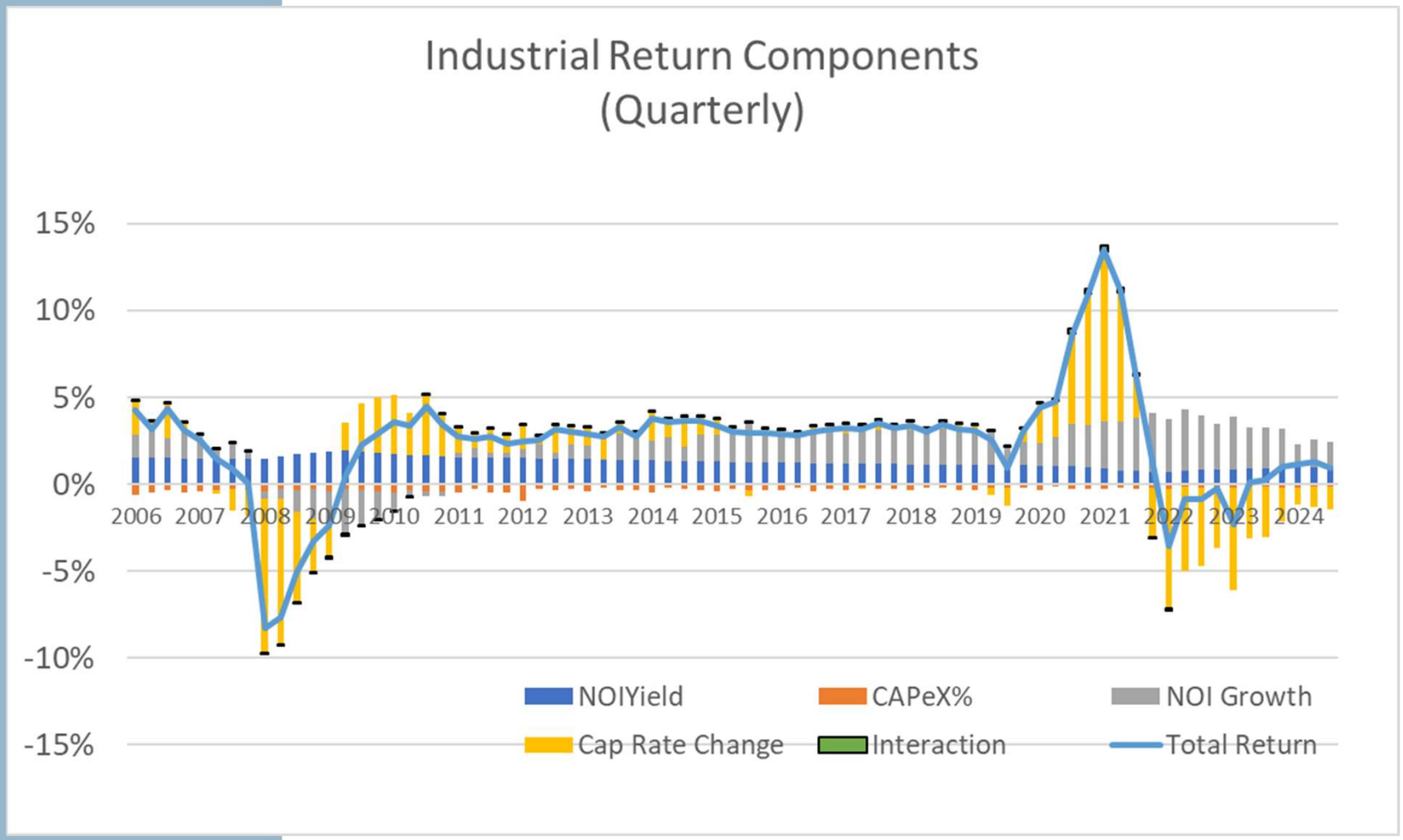
Vacancy by Property Type

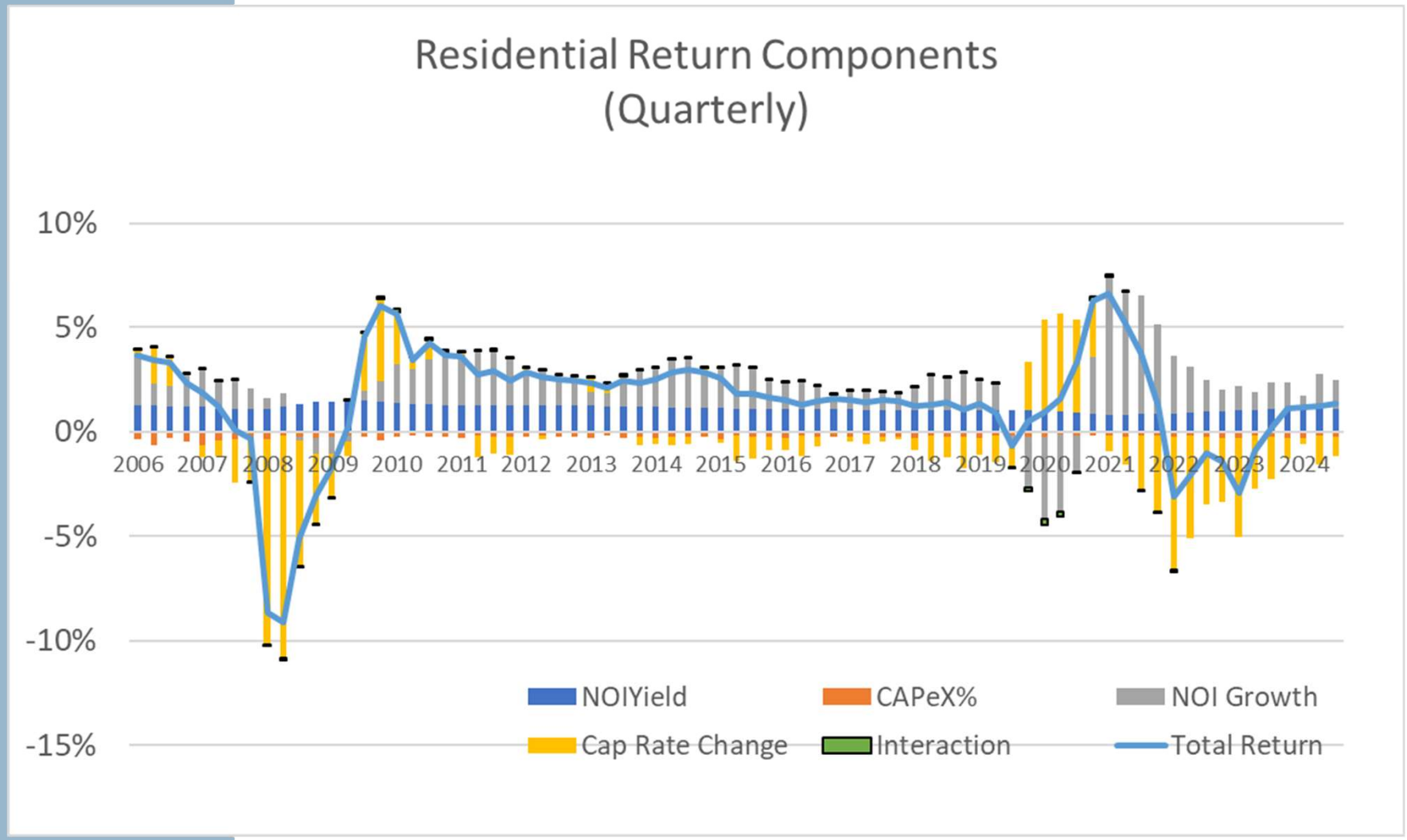


Source: NCREIF; as of 30 June 2025

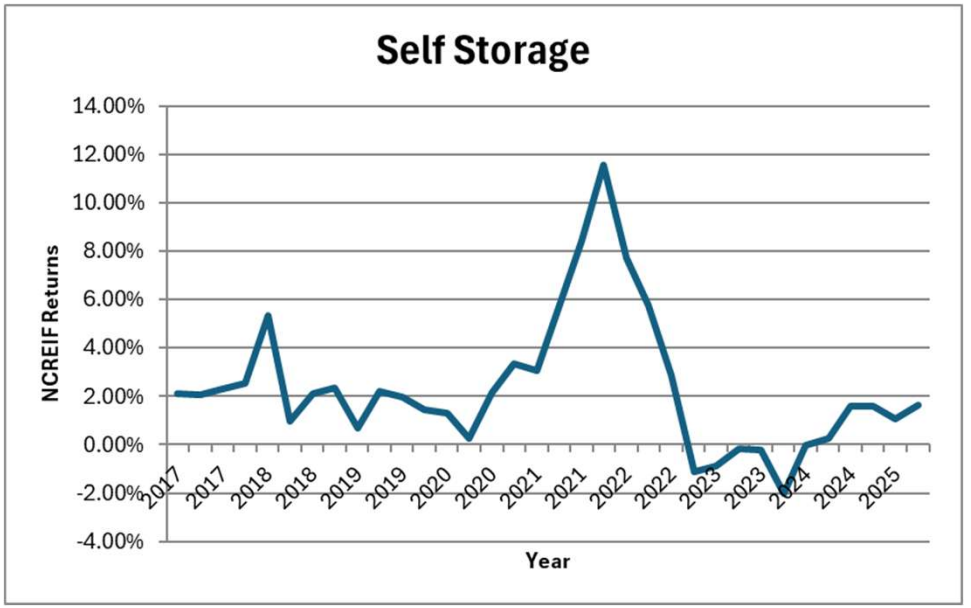

Office Return Components
(Quarterly)
10%
8%
6%
4%
2%
0%
-2%
-4%
-6%
-8%
-10%
-12%
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
NOIYield
CAPeX%
NOI Growth
Cap Rate Change
Interaction
Total Return


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

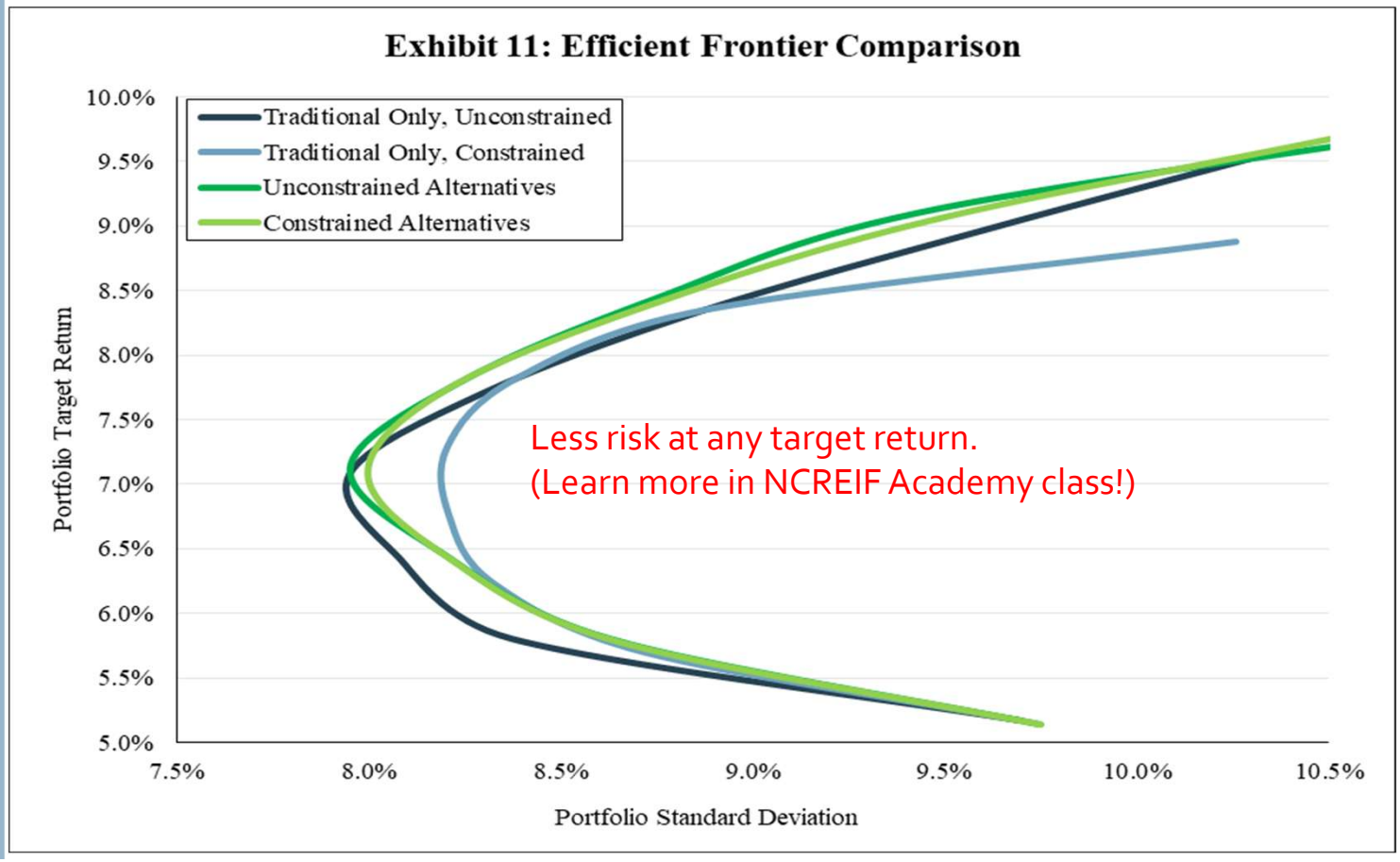

Industrial Return Components
(Quarterly)
15%
10%
5%
0%
-5%
-10%
-15%
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
NOIYield
CAPeX%
NOI Growth
Cap Rate Change
Interaction
Total Return


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

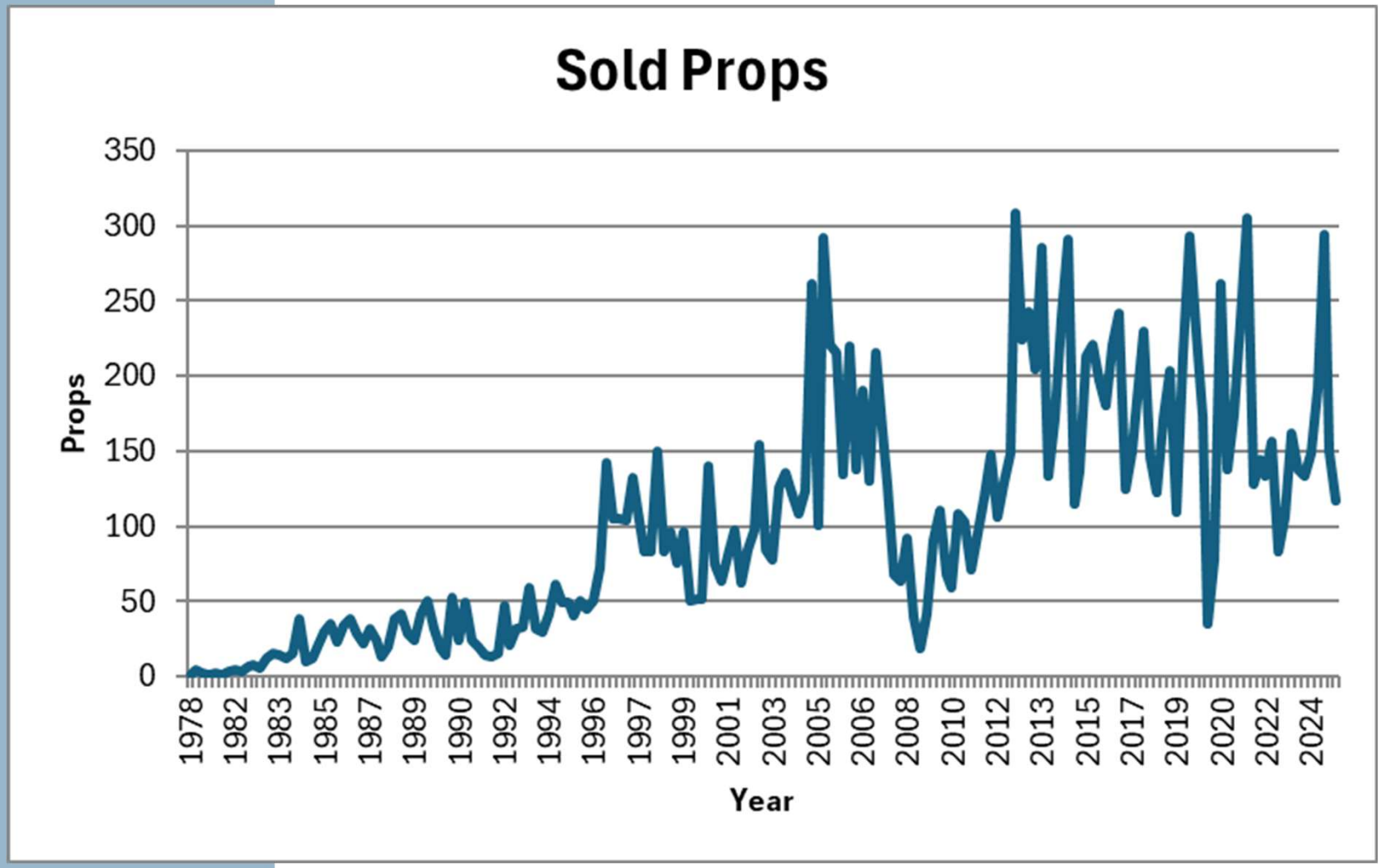

Seniors Housing
NCREIF Returns
5%
4%
3%
2%
1%
0%
-1%
-2%
-3%
2017
2017
2018
2018
2019
2019
2020
2020
2021
2021
2022
2022
2023
2023
2024
2024
2025
Year


Self Storage
NCREIF Returns
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
-2.00%
-4.00%
2017
2017
2018
2018
2019
2019
2020
2020
2021
2021
2022
2022
2023
2023
2024
2024
2025
Year

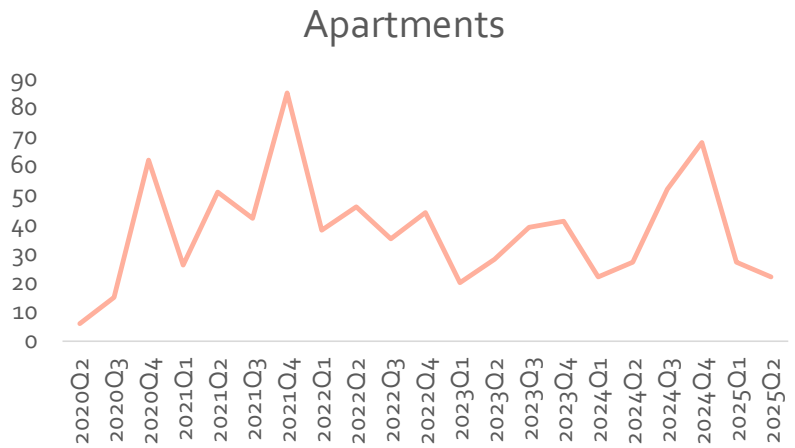
Alternatives in NPI Result in more "Efficient" Frontier

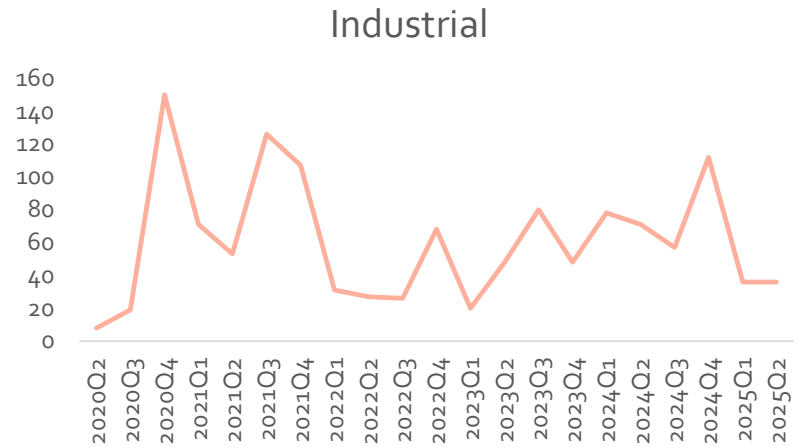


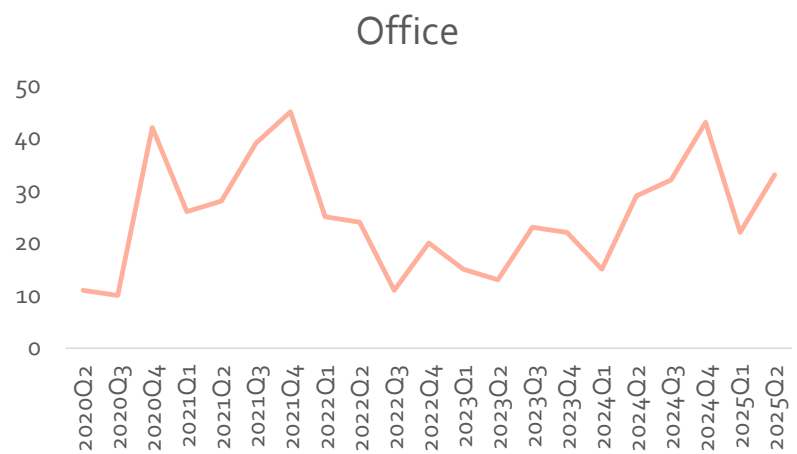
Source: Fitzgerald, Fisher and McIntosh. Forthcoming in the *Journal of Portfolio Management*.

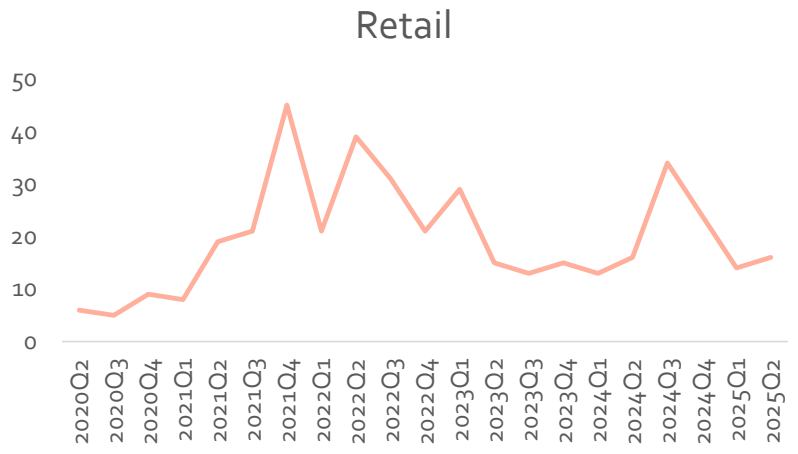

Sold Props
Props
350
300
250
200
150
100
50
0
1978
1982
1983
1985
1987
1989
1990
1992
1994
1996
1997
1999
2001
2003
2005
2006
2008
2010
2012
2013
2015
2017
2019
2020
2022
2024
Year

Property Sales by Count

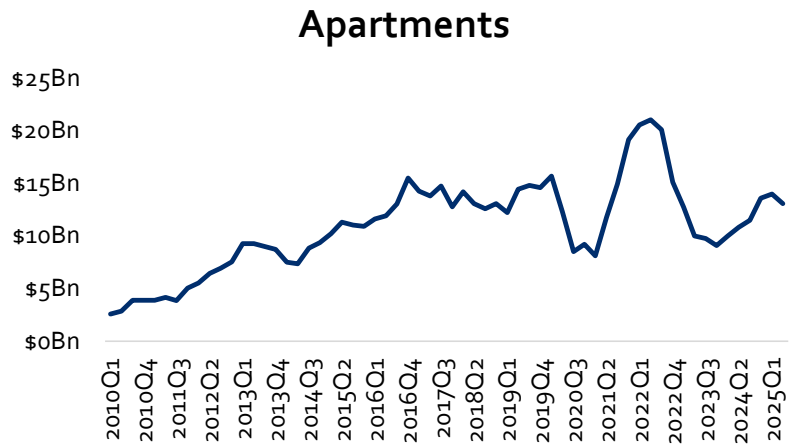


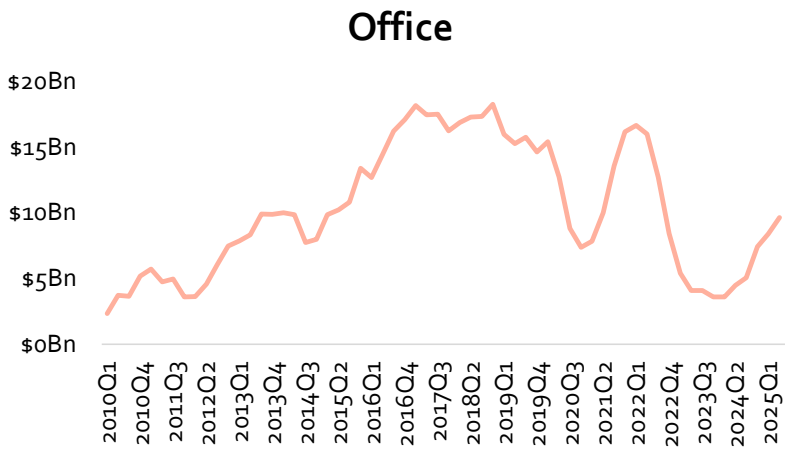


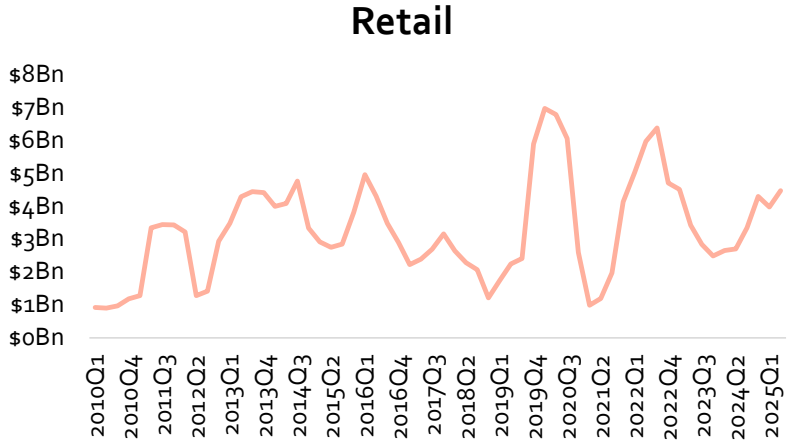


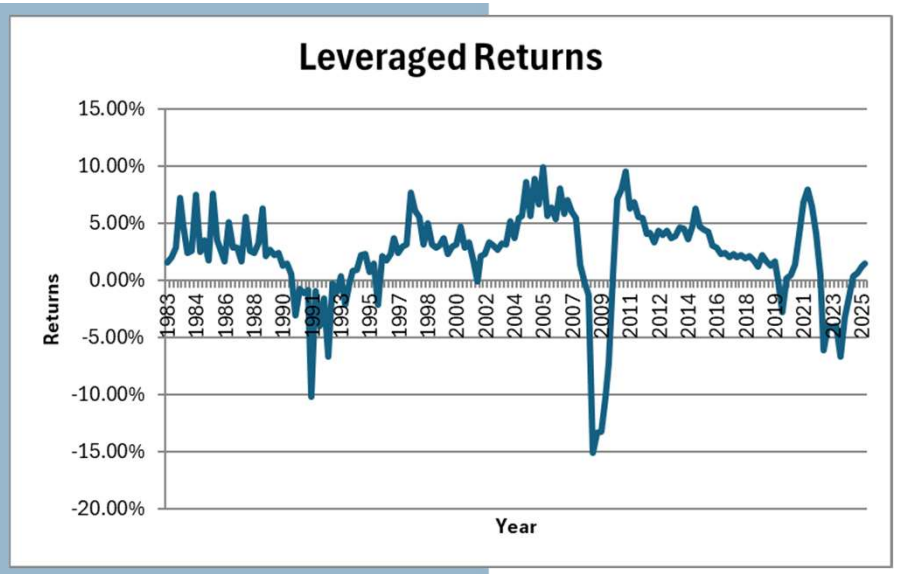


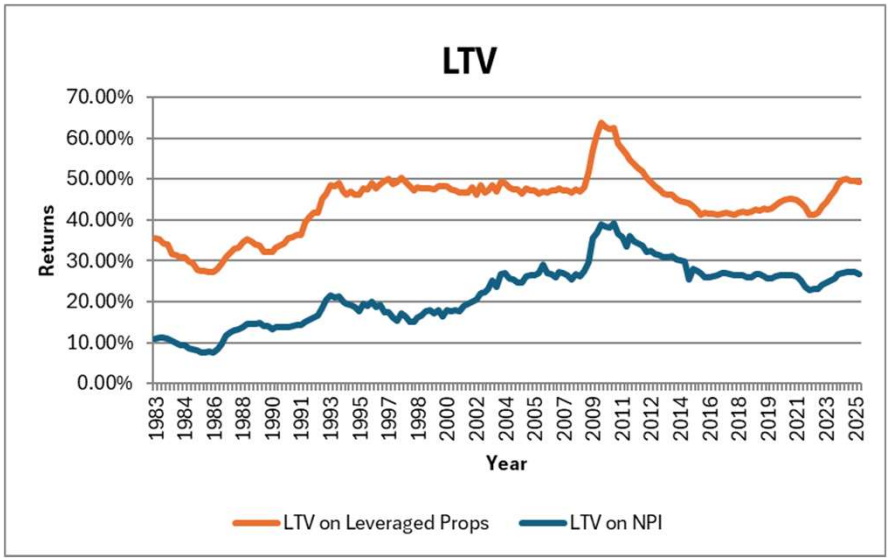
Property Sales by market value (4Q-trailing)

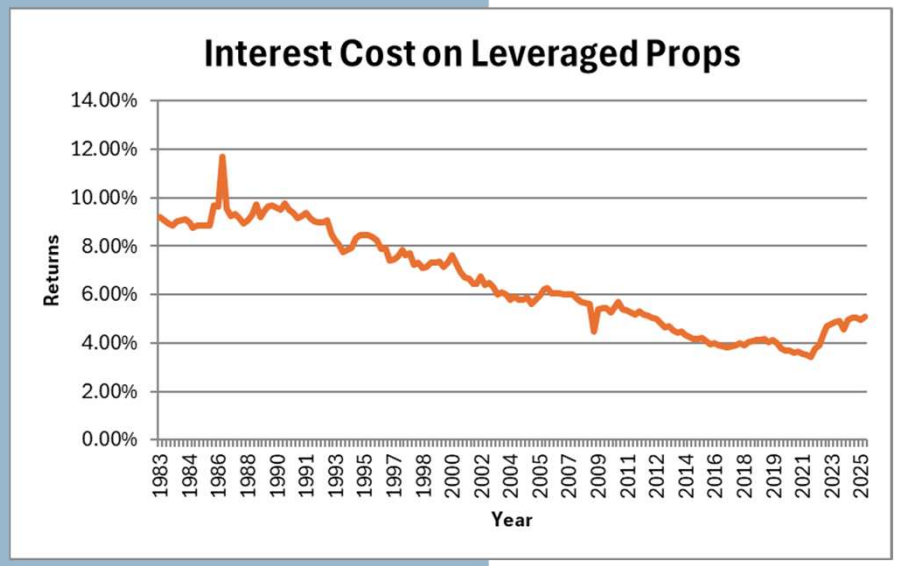


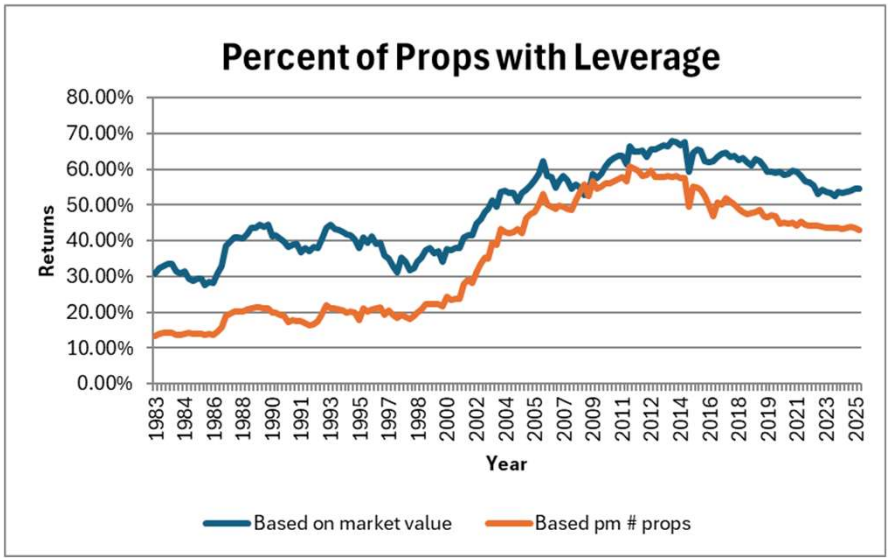


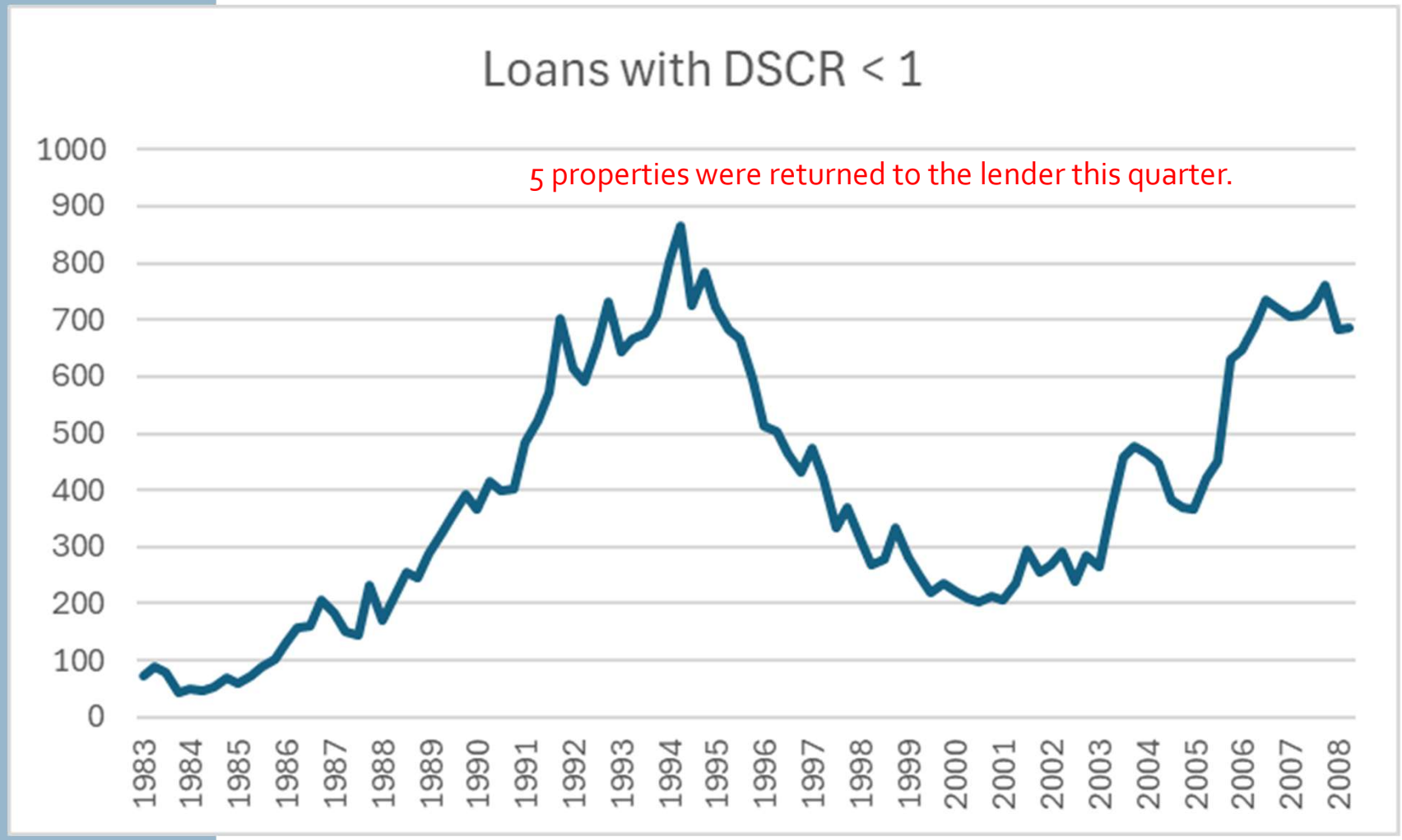



Leveraged Returns
15.00%
10.00%
5.00%
0.00%
-5.00%
-10.00%
-15.00%
-20.00%
Returns
1983 1984 1986 1988 1990 1991 1993 1995 1997 1998 2000 2002 2004 2005 2007 2009 2011 2012 2014 2016 2018 2019 2021 2023 2025
Year


LTV
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
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
LTV on Leveraged Props
LTV on NPI


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


Percent of Props with Leverage
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
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
Based on market value
Based pm # props


Loans with DSCR < 1
5 properties were returned to the lender this quarter.
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 **2025**?
  - 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 **2025**?
  - A. Data centers
  - B. Self storage
  - C. Senior housing
  - D. Medical Office
  - E. Hotel

Summary of 2nd Quarter 2025

- Returns remain positive although down slightly from last quarter
- Market values rise slightly
- Returns positive for all sectors.
- Rent growth down but still positive and NOI growth holding up
- Percent leased stable
- Cap rates up slightly for appraisal and transaction-based rates
- Props with NOI less than debt service remains high – but only a handful returned to lender
- Transaction activity (sold props) down along

Thank you

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

www.NCREIF.org