

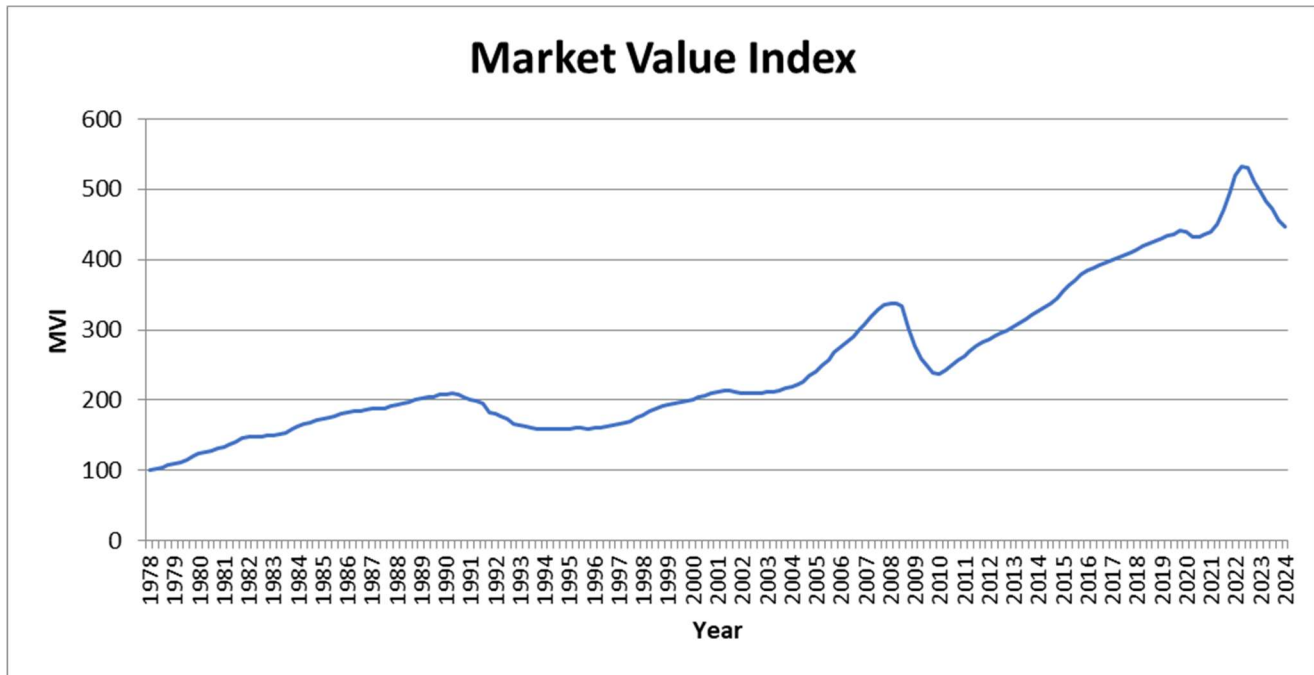


FOR IMMEDIATE RELEASE:

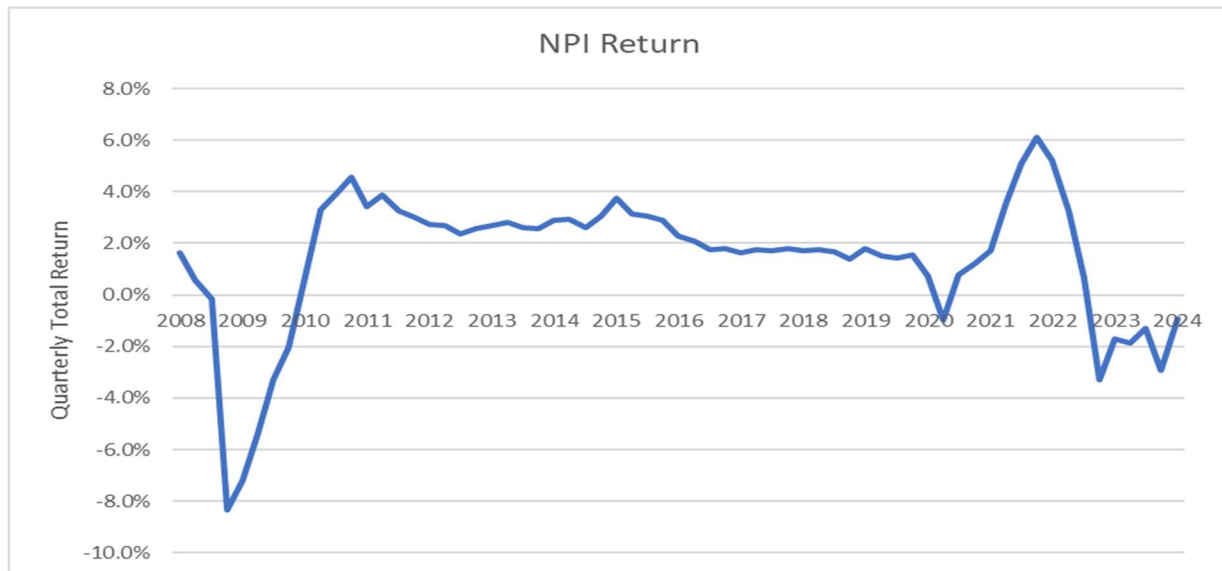
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**Welcome to the first release of the Expanded NPI
Some Improvement in Institutional Property Values but Returns Still Negative**

CHICAGO, IL, April 25, 2024 –The National Council of Real Estate Investment Fiduciaries (NCREIF) has released first quarter 2024 results for the NCREIF Property Index (NPI). Beginning this quarter, the Index includes all property sectors rather than the limited five sectors included in the previous, classic NPI. The expanded NPI now includes 12,745 properties, totaling just under \$900 billion in market value. The aggregate market value of the properties in this expanded NPI declined for the seventh straight quarter and returns were negative for the sixth straight quarter. The returns are detailed in the attached Snapshot Report. (Charts and data in this Release refer to the new Expanded NPI. We will however provide two Snapshot Reports for a limited time; one for Expanded and one for Classic NPI.)



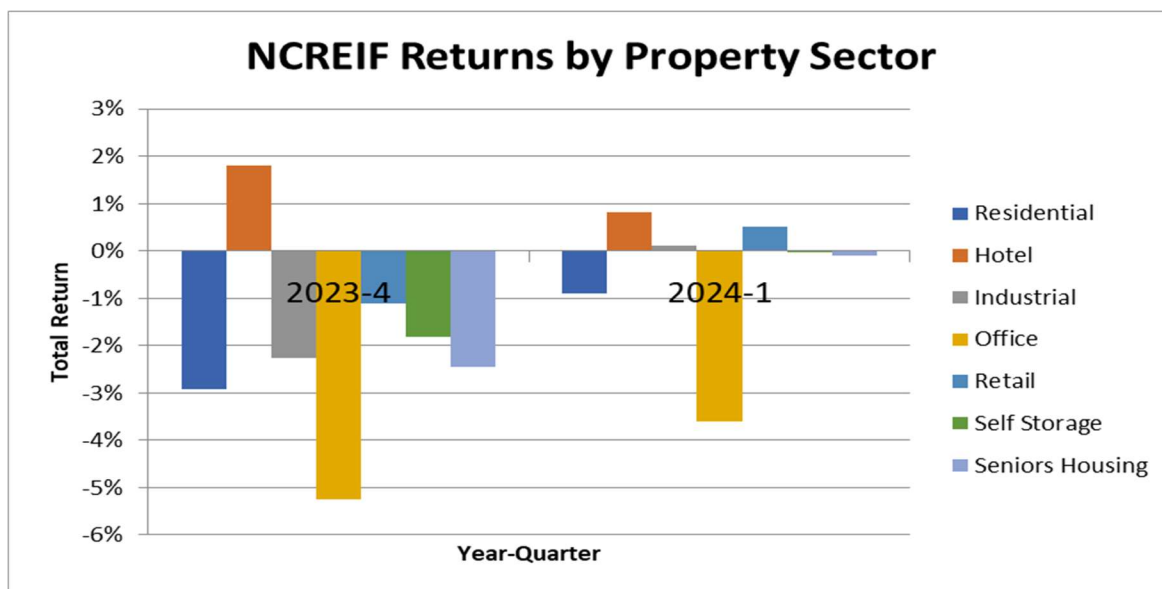
The market value index has declined by about 16% since the peak in the 2nd quarter of 2022. This is still significantly less of a drop than occurred during the financial crisis in 2008 and 2009 when values declined by almost 30%. The total return for the quarter was -0.92% which is a significant improvement from the negative 2.94% in the 4th quarter of 2023.



The negative 0.92% total quarterly return consisted of 1.16% from income and -2.08% from negative property appreciation. Appreciation is after the deduction of capital expenditures. The negative 0.92% return is the unleveraged return for “operating properties” held by institutional investors throughout the U.S. As of quarter-end there were 4,660 leveraged properties with a leveraged return of -3.3% and a weighted average loan to value ratio of 49%. The average interest rate on the leveraged properties dropped slightly to 4.53% (annualized) for the first quarter, down from 4.87% in the fourth quarter of 2023. There were 123 properties, up from 90 properties the previous quarter, that had values which were equal to or less than their loan balance.

More Sectors Turn Positive

Three property sectors were able to produce positive returns this quarter compared to only one sector (hotels) the previous quarter. Hotels continued to have the highest return followed by retail and industrial. The office sector continued to have the lowest returns at -3.62%, which was a little better than the -5.24% return the prior quarter. The other sectors with negative returns were self-storage, residential and seniors housing.



Capitalization Rates and NOI Growth

Market value weighted capitalization (cap) rates based on appraisals for unsold properties in the index increased to 4.70% compared to 4.57% 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 5.93%, up from 5.47% the prior quarter. NOI growth during the first quarter was barely positive at 0.84% compared to 2.04% the previous quarter.

About the NCREIF Property Index

The NPI consists of 12,745 investment-grade, income-producing properties with a market value of \$897 billion. The market value breakdown by property type is about 22% office, 27% residential, 13% retail, 32% industrial with the remaining 6% consisting of hotel, self-storage, and seniors housing and other sectors. 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 9th, 2024 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. [CLICK HERE](#) to register 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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