

# NPI Flash 2nd Quarter 2023

Market Value (\$ M)				2nd Quarter	1st Quarter	One Year
Percent of Total		Properties		2023 Returns	2023 Returns	
<b><i>NCREIF Property Index</i></b>						
<b>Total Index</b>	895,241.7	10,892	Total	-1.98	-1.81	-6.6
	100.0%		Income	1.04	1.01	4.0
			Appreciation	-3.02	-2.82	-10.3
<b><i>Property Type Subindexes</i></b>						
<b>Industrial</b>	301,192.3	5,455	Total	-0.75	-0.82	-4.0
	33.6%		Income	0.85	0.83	3.2
			Appreciation	-1.6	-1.65	-7.1
<b>Apartment</b>	254,053.3	2,372	Total	-1.04	-2.10	-5.1
	28.4%		Income	0.98	0.95	3.8
			Appreciation	-2.02	-3.05	-8.6
<b>Hotel</b>	3,200.3	72	Total	4.00	2.30	12.9
	0.4%		Income	1.94	0.82	7.3
			Appreciation	2.06	1.47	5.4
<b>Office</b>	212,490.2	1,789	Total	-5.79	-4.06	-14.5
	23.7%		Income	1.21	1.14	4.5
			Appreciation	-7.00	-5.20	-18.4
<b>Retail</b>	124,305.5	1,204	Total	-0.17	0.52	-0.9
	13.9%		Income	1.27	1.30	5.1
			Appreciation	-1.44	-0.77	-5.8
<b><i>Regional Subindexes</i></b>						
<b>East</b>	257,303.2	2,427	Total	-2.70	-2.20	-8.3
	28.7%		Income	1.06	0.99	4.0
			Appreciation	-3.76	-3.19	-11.9
<b>Midwest</b>	63,356.8	1,181	Total	-1.29	-1.61	-6.0
	7.1%		Income	1.19	1.16	4.6
			Appreciation	-2.48	-2.77	-10.2
<b>South</b>	204,732.5	3,257	Total	-0.80	-0.89	-3.1
	22.9%		Income	1.09	1.09	4.3
			Appreciation	-1.89	-1.97	-7.1
<b>West</b>	369,849.1	4,027	Total	-2.23	-2.08	-7.4
	41.3%		Income	0.97	0.94	3.7
			Appreciation	-3.2	-3.02	-10.8

## NPI Flash 2nd Quarter 2023

### NCREIF Property Index Methodology

- Calculations are based on quarterly returns of individual properties before deduction of investment management fees.
- Each property's return is weighted by its market value.
- Income and Capital Appreciation changes are also calculated.

### Universe of Properties

- All properties have been acquired on behalf of tax-exempt institutions and held in a fiduciary environment.
- All Data Contributing Members of NCREIF must submit all properties held in the U.S. (including properties in taxable accounts and in all "lifecycles"), but only qualifying properties enter the NPI.
- Qualifying properties include:
  - Wholly owned and joint venture investments.
  - Existing properties only-no development projects.
  - Only investment-grade, income-producing, operating properties: apartments, hotels, industrial, office, and retail.
- The database increases quarterly as participants acquire properties and as new members join NCREIF.
- Sold properties are removed from the Index in the quarter the sales take place (historical data remains).
- Each property's market value is determined by real estate appraisal methodology, consistently applied.

### Rates of Return

- **Total Return:** includes appreciation (or depreciation), realized capital gain (or loss) and income. It is computed by adding the Income return and Capital Appreciation return on a quarterly basis.
- **Income Return:** measures the portion of total return attributable to each property's net operating income or NOI. It is computed by dividing NOI by the average quarterly investment for the quarter.

*NOI*

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*Beginning Market Value + 1/2 Capital Improvements - 1/2 Partial Sales - 1/3 NOI*

- **Capital Appreciation Return:** measures the change in market value adjusted for any capital improvements or partial sales for the quarter.

*(Ending Market Value - Beginning Market Value) + Partial Sales - Capital Improvements*

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*Beginning Market Value + 1/2 Capital Improvements - 1/2 Partial Sales - 1/3 NOI*

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