



**FOR IMMEDIATE RELEASE:**

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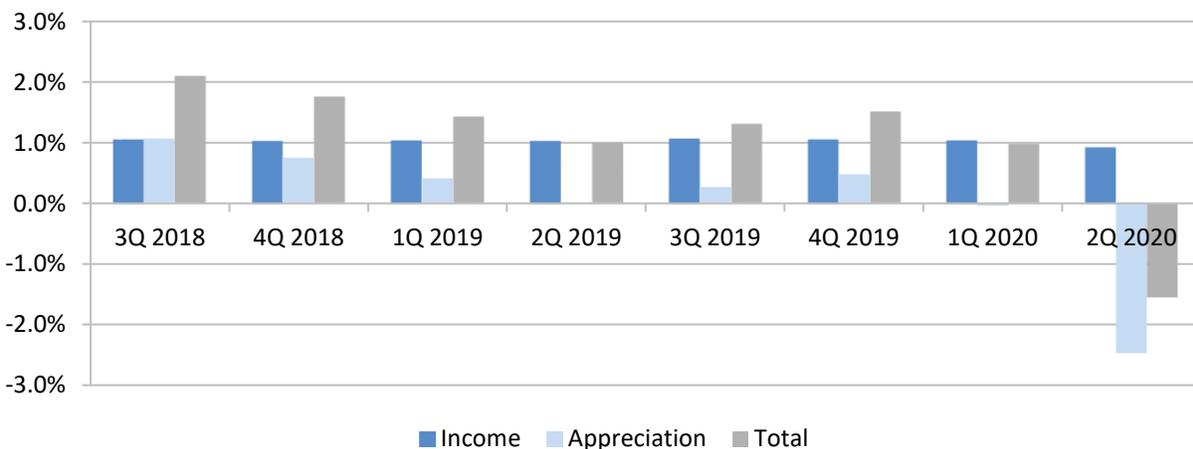
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**NFI-ODCE records a negative total return for 2020q2, a first since 2009 4<sup>th</sup> quarter.**

CHICAGO, IL, July 30, 2020 – The National Council of Real Estate Investment Fiduciaries (NCREIF) released second quarter 2020 results for the NCREIF Fund Index – Open-end Diversified Core Equity (NFI-ODCE). The NFI-ODCE consists of 25 funds, totaling \$264.6 billion of gross real estate assets and \$219.3 billion of net real estate assets.

NFI-ODCE total return gross of fees for the second quarter 2020 was -1.56%, down from 0.98% in the first quarter 2020, and down from 1.00% a year ago in the second quarter 2019. The income return for the quarter was 0.91%, down 0.11% from the previous quarter, and well below the five and ten-year quarterly averages of 1.06% and 1.19%, respectively. The appreciation return decreased to -2.46% for the quarter, below the previous quarter’s -0.04%, and down -2.45% from the second quarter 2019.

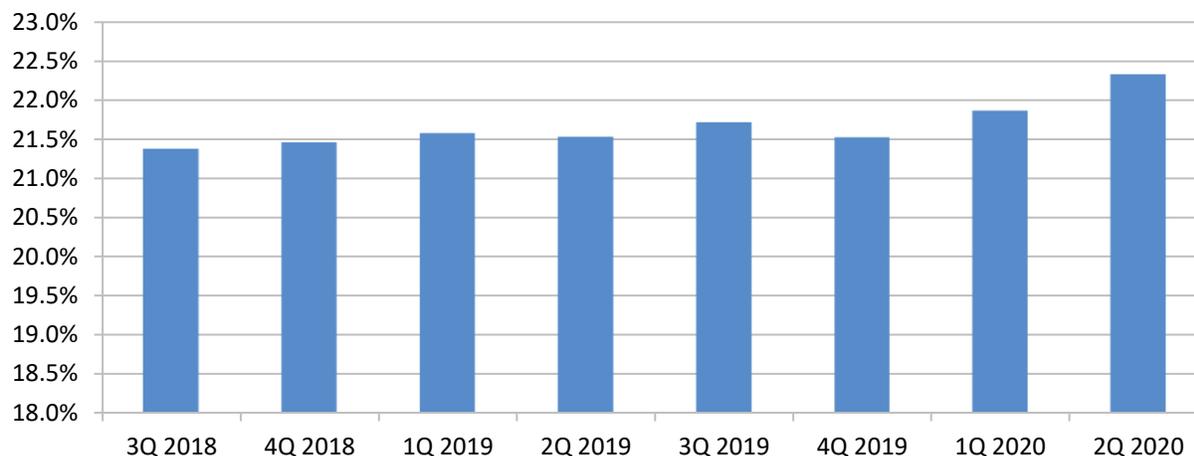
**Quarterly NFI-ODCE Gross Return Trends**



For the one-year ended June 30, 2020, the NFI-ODCE total return gross of fees was 2.22%, down from 6.41% for the one-year ended June 30, 2019 and well below the five-year annualized return of 7.31%. The one-year total return ended June 30, 2020 was comprised of 4.07% income and a -1.79% appreciation return.

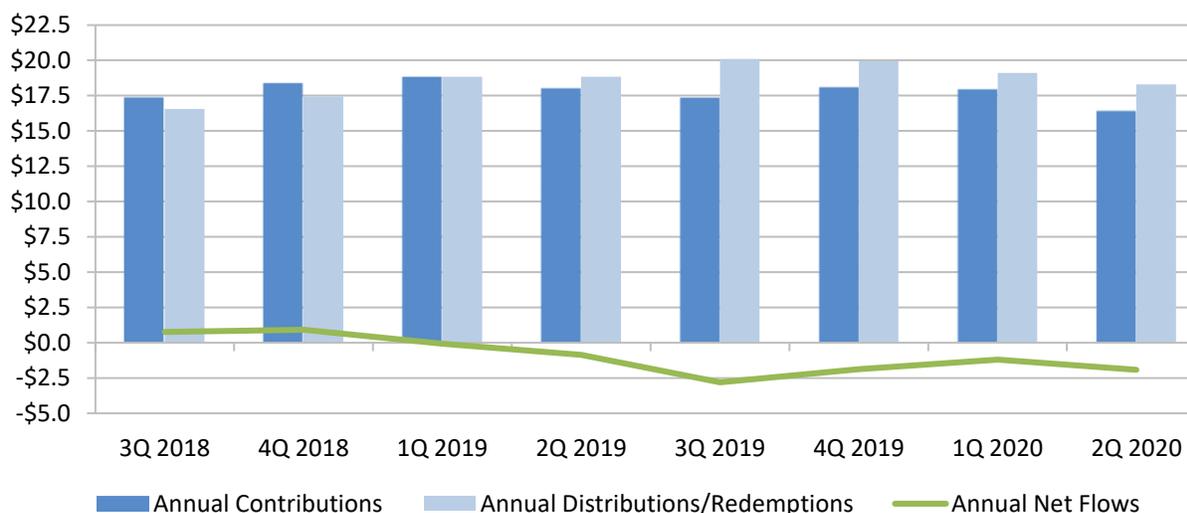
NFI-ODCE returns measure fund-level performance and therefore can reflect leverage and other investments beyond properties, including cash balances. Leverage is conservative among these funds given their core strategies, ranging from 15% to 34% over the quarterly series history beginning in 2000. NFI-ODCE leverage is slightly above the 21.8% average since 2000, registering 22.3% as of the end of second quarter 2020, up from 21.9% in the previous quarter. Because the property values are marked-to-market every quarter, the increase in leverage is due in part to the decline in property values.

### NFI-ODCE Leverage Trends (% of total assets)



Quarterly NFI-ODCE investor net cash flows were negative \$799.7 million, compared to last quarter's negative \$220.2 million, and second quarter 2019's negative \$73.7 million. For the one-year ended June 30, 2020, contributions were \$16.4 billion and distributions/redemptions were \$18.3 billion, resulting in an annual investor net cash flow of negative \$1.9 billion.

### NFI-ODCE Investor Cash Flow Trends (4Q Rolling Total, Billions)



Additional details from the NFI-ODCE release are in the attached Snapshot Report.

### **About the NFI-ODCE Index**

The NFI-ODCE Index is a capitalization-weighted, gross of fees, time-weighted return index with an inception date of January 1, 1978. Published reports may also contain equal-weighted and net of fees information. Open-end Funds are generally defined as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests, thereby providing a degree of potential investment liquidity. The term Diversified Core Equity style typically reflects lower risk investment strategies utilizing low leverage and generally represented by equity ownership positions in stable US operating properties.

### **Webinar**

NCREIF will hold a webinar on Tuesday, August 11<sup>th</sup> at 1:00 pm Central Time to discuss an overview of the NCREIF Property Index (NPI) and the NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE), the Farmland and Timberland Indices, as well as a detailed discussion of the results and interesting data from the NCREIF Property Value Trends report. 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](http://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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