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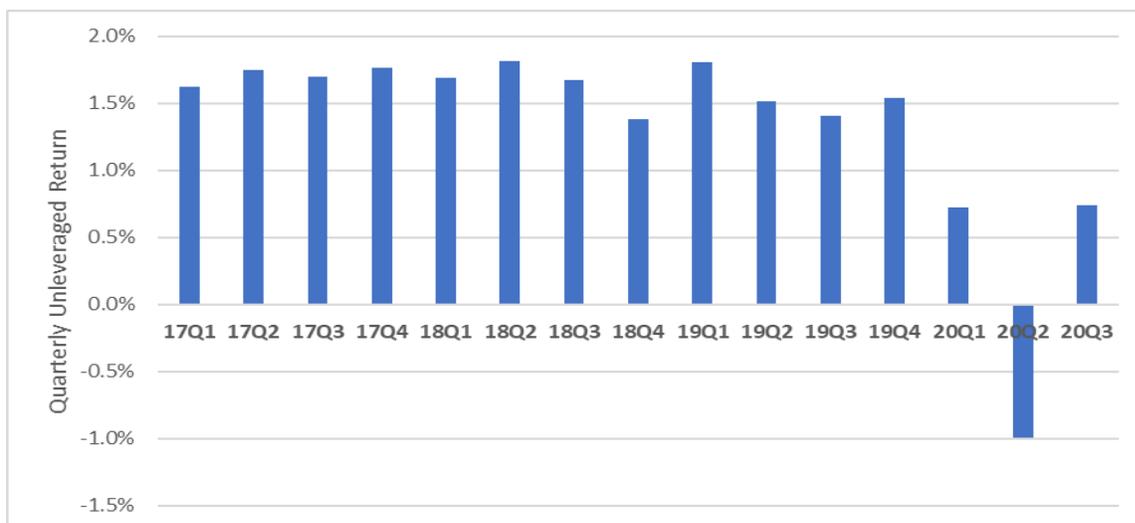
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Institutional Real Estate Returns Back in Positive Territory

CHICAGO, IL, October 26, 2020 – The National Council of Real Estate Investment Fiduciaries (NCREIF) has released third quarter 2020 results for the NCREIF Property Index (NPI). The NPI reflects investment performance for 9,191 commercial properties, totaling \$703 billion of market value. The returns are detailed in the attached Snapshot Report.

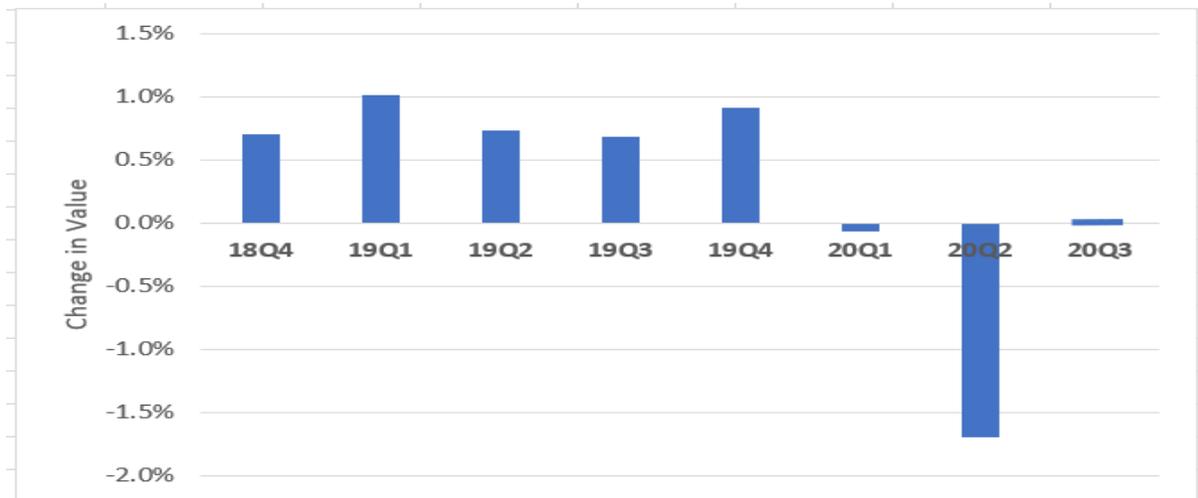
The total return was 0.74% for the quarter, up from -0.99% in the prior quarter. The return for the current quarter was also just slightly higher than the 0.71% return in the 1st quarter of the year. This is an unleveraged return for what is primarily “core” real estate held by institutional investors throughout the US. Although leverage was negative for the quarter, the leveraged properties also managed to have a slightly positive return of 0.12%.

NPI Unleveraged Total Quarterly Returns



The total return turned positive for the quarter because the 1.02% income portion of the return exceeded the capital portion of the return which was negative 0.28%. The capital return is the change in value net of any capital expenditures incurred during the quarter. Price levels before capital expenditures remained essentially constant for the quarter.

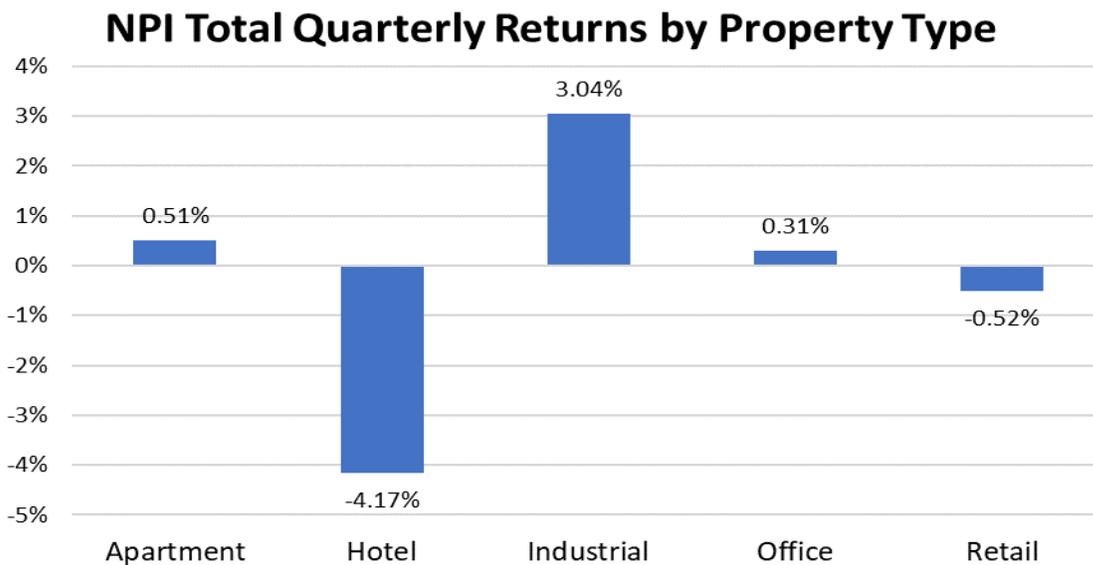
NCREIF Market Value Index



Continued Disparity Across Property Sectors

The turnaround in total returns this quarter can be attributed almost solely to the strong performance of industrial warehouse properties. Returns for industrial properties were 3.04% for the quarter (over 12% annualized). Apartments had the second highest return at 0.51% for the quarter followed by office at 0.31% and retail with a negative 0.52%. Returns for hotel properties were negative 4.17% for the quarter.

Returns by Property Type



Transactions Remain Low

While NCREIF members are long-term investors for most of the funds, there are typically between 100 and 200 sales of properties each quarter. This quarter the number of sales was only 50 properties, up slightly from the 30 transactions last quarter. The lack of transactions in the overall commercial real estate market continues to make price discovery challenging for appraisers resulting in less liquidity for investors.

About the NCREIF Property Index

The NPI consists of 9,191 investment-grade, income-producing properties with a market value of \$703 billion. The market value breakdown by property type is about 35% office, 25% apartment, 19% retail, 20% industrial and 1% hotel properties.

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 Friday November 6th at 1:00 pm Central Time to discuss the NCREIF Property Index (NPI) in more detail in addition to the NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE), as well as a discussion of other trends based on the NCREIF data. 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.

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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