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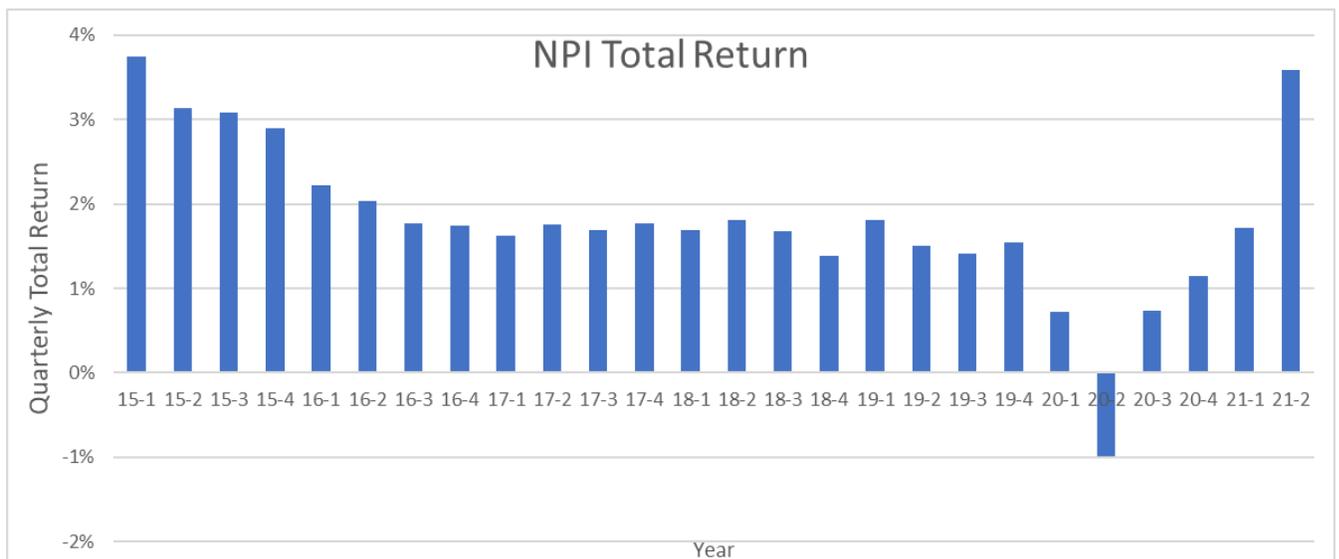
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Record High for Industrial Properties Propel Institutional Real Estate to Highest Returns in Ten Years

CHICAGO, IL, July 26, 2021 – The National Council of Real Estate Investment Fiduciaries (NCREIF) has released second quarter 2021 results for the NCREIF Property Index (NPI). The NPI reflects investment performance for 9,513 commercial properties, totaling \$742 billion of market value. The returns are detailed in the attached Snapshot Report.

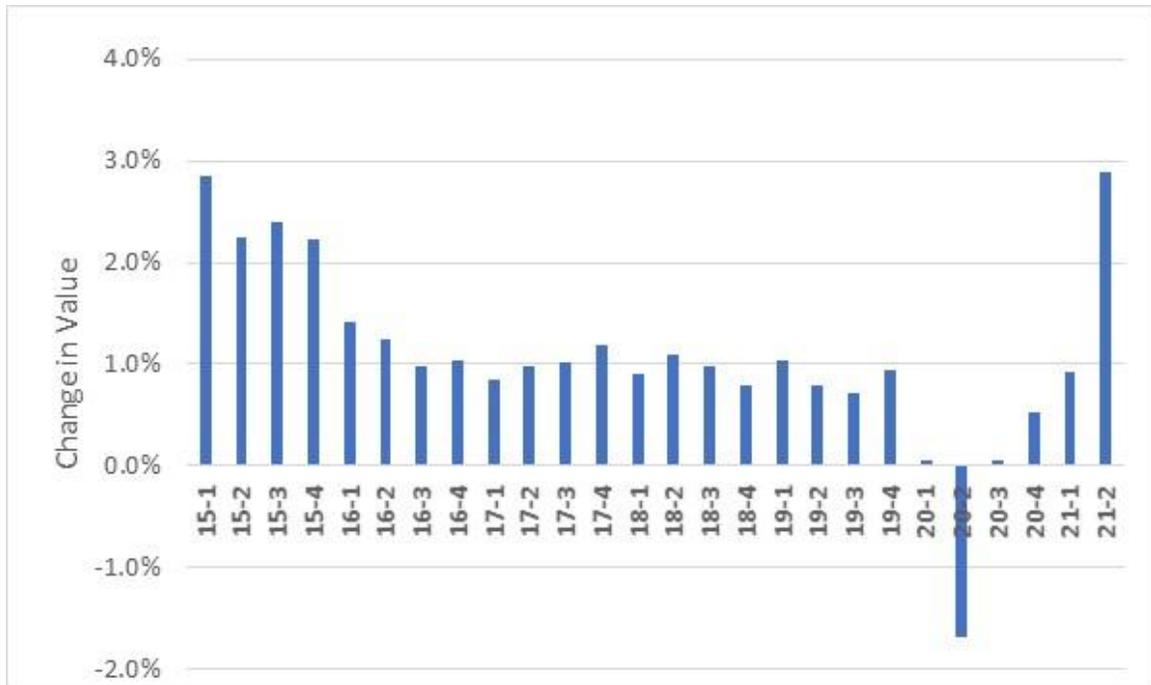
The quarterly total return was 3.59%, up from 1.72% in the prior quarter, higher than 2020q2’s return of -0.99%, and the highest return since the second quarter of 2011 when the return was 3.94% although it came close in the 1st quarter of 2015 at 3.57%. These are unleveraged returns for what is primarily “core” real estate held by institutional investors throughout the US. Properties with debt financing had a leveraged total return of 4.09%. As of quarter-end there were 4,155 properties with leverage and the weighted average loan to value ratio was 45%.

NPI Unleveraged Total Quarterly Returns



The total return of 3.59% for the quarter consisted of 1.06% of income and 2.54% of appreciation compared to 1.04% of income and 0.67% of appreciation last quarter. Appreciation is after the deduction of capital expenditures. The market values increased by 2.89% this quarter compared to 0.92% last quarter.

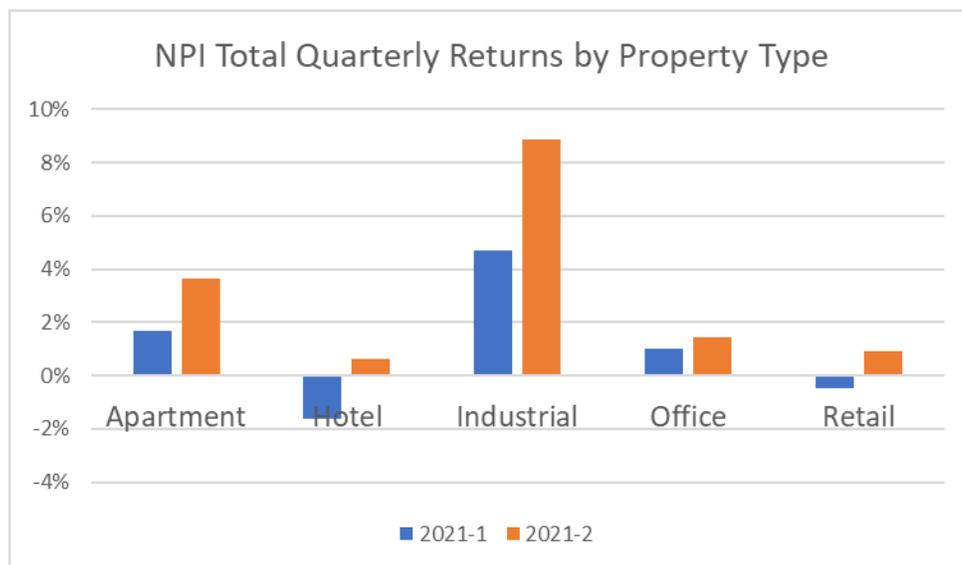
NCREIF Market Value Index



Continued Disparity Across Property Sectors

The increase in total return this quarter is due to improved performance of all property types, although industrial (mainly warehouse) properties continued to out shadow the other property types. Industrial returns were 8.88%, the highest return in the entire history of the NPI. The second highest total return after industrial was 3.62% for apartments, followed by office, retail and hotel of 1.44%, 0.90% and 0.61%, respectively.

Unleveraged Returns by Property Type



Transactions Volume

While NCREIF members are primarily long-term investors, there are typically between 100 and 200 sales of properties each quarter. Sales amounted to 150 this quarter, up from 131 the prior quarter and only 30 during the 2nd quarter of 2020.

About the NCREIF Property Index

The NPI consists of 9,513 investment-grade, income-producing properties with a market value of \$742 billion. The market value breakdown by property type is about 33% office, 26% apartment, 17% retail, 24% industrial and less than 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 Thursday, August 12th at 1:00 pm Central Time to discuss the NCREIF Property Index (NPI) in more detail 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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