

## NPI Flash 3rd Quarter 2020

Market Value (\$ M)				3rd Quarter	2nd Quarter	One Year Returns
Percent of Total	Properties		2020 Returns	2020 Returns		
<b><i>NCREIF Property Index</i></b>						
<b>Total Index</b>	702,598.3	9,191	Total	0.74	-0.99	2.0
	100.0%		Income	1.02	1.01	4.3
			Appreciation	-0.28	-2.00	-2.2
<b><i>Property Type Subindexes</i></b>						
<b>Industrial</b>	144,090.3	4,311	Total	3.04	1.02	10.1
	20.5%		Income	1.11	1.09	4.5
			Appreciation	1.93	-0.07	5.4
<b>Apartment</b>	178,572.3	1,941	Total	0.51	-0.63	2.3
	25.4%		Income	0.92	1.01	4.1
			Appreciation	-0.4	-1.64	-1.7
<b>Hotel</b>	1,943.1	69	Total	-4.17	-16.59	-22.9
	0.3%		Income	-1.44	-0.50	1.1
			Appreciation	-2.72	-16.09	-23.7
<b>Office</b>	245,234.7	1,581	Total	0.31	-0.50	2.8
	34.9%		Income	1.08	1.08	4.4
			Appreciation	-0.77	-1.58	-1.5
<b>Retail</b>	132,757.9	1,289	Total	-0.52	-3.85	-6.3
	18.9%		Income	0.97	0.82	4.2
			Appreciation	-1.49	-4.67	-10.1
<b><i>Regional Subindexes</i></b>						
<b>East</b>	217,473.1	2,100	Total	0.49	-0.86	1.5
	31.0%		Income	1.01	1.01	4.2
			Appreciation	-0.52	-1.86	-2.6
<b>Midwest</b>	57,627.1	1,169	Total	0.54	-1.79	-1.1
	8.2%		Income	1.01	1.00	4.4
			Appreciation	-0.47	-2.80	-5.3
<b>South</b>	145,327.2	2,592	Total	0.81	-1.20	1.5
	20.7%		Income	1.09	1.06	4.6
			Appreciation	-0.28	-2.26	-3.0
<b>West</b>	282,170.9	3,330	Total	0.94	-0.84	3.3
	40.2%		Income	0.99	0.98	4.2
			Appreciation	-0.05	-1.82	-0.9

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### 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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