

HIGHEST NPI RETURN IN TEN YEARS

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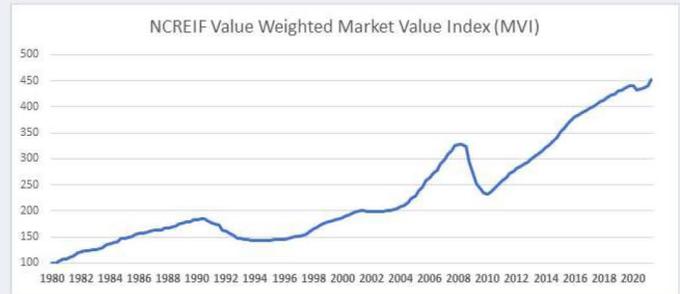
The total return for the NCREIF Property Index (NPI) increased again during the second quarter 2021, taking it to the highest return in the past 10 years. The NPI has grown to 9,513 commercial properties, totaling \$742 billion of market value.

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



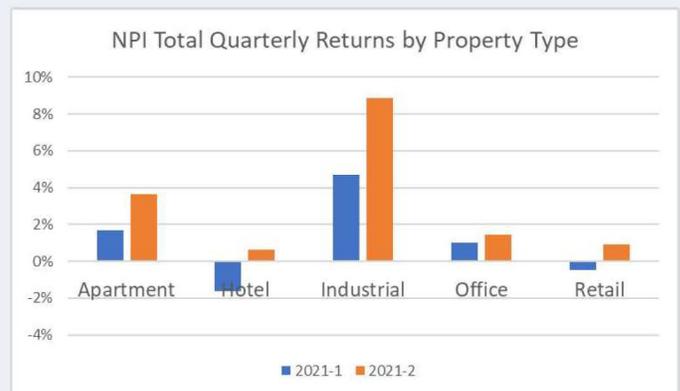
The total return of 3.59% for the quarter consisted of 1.06% of income and 2.54% of appreciation compared to 1.04% of income and 0.67% of appreciation last quarter. Appreciation is after the deduction of capital expenditures. The market values increased by 2.89% this quarter compared to 0.92% last quarter.



Industrial Properties Post Their Highest Return in the History of the NPI

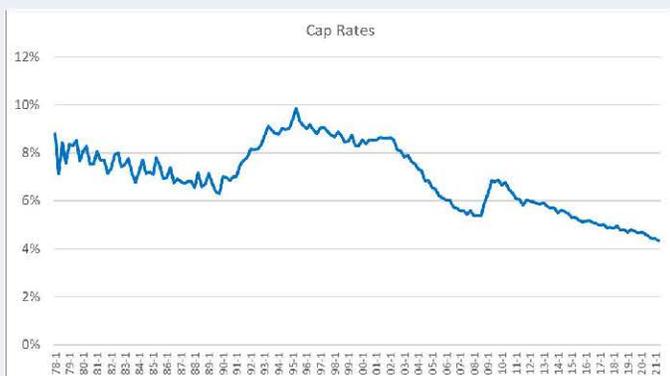
The increase in total return for this quarter is due to improved performance of all property types. But the industrial sector which consists mainly of warehouse properties continued to out shadow the other property types. Industrial returns were 8.88%, the highest for industrial properties in the history 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.

Returns by Property Type



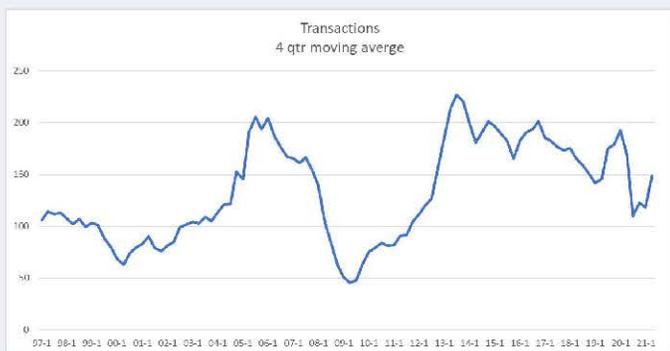
Capitalization Rates

Cap rates continued to fall to historic lows which helped to push values up this quarter. The cap rates are based on the quarterly appraisals and use actual net operating income reported to NCREIF relative to the property value.



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.



Conclusion

Thanks mainly to the industrial sector but with improvement in all property sectors, the NPI had strong performance this quarter. History suggests that one sector can't be the leader of the pack for an extended period of time, so continued improvement in the other sectors is likely to be important to further increases in the NPI.