Panelist Overview

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Disclaimer

All comments about future expectations are the personal views of the speakers and not a reflection of a NCREIF opinion or forecast and should not be relied upon for investment decisions.
Highest Rolling Four Quarter since 1980

NPI Rolling Four Quarter Return

21.86%
NCREIF Market Value Index at new high

Market Value Index
3.8% Compound Annual Rate since 1978 vs. 3.5% for CPI
Question

• Where will institutional real estate values be by the end of 2022 compared to now?
  • A. Values will be somewhat lower by the end of 2022.
  • B. Values will stabilize at the current level
  • C. Values will be somewhat higher by the end of 2022.
  • D. I have no idea!
More apartment and industrial – less retail and office. (Combination of relative changes in value and allocations.)
Industrial Still the Leader

NCREIF Returns by Property Sector

Year-Quarter

- 2021-4
- 2022-1

Total Return

- 0%
- 2%
- 4%
- 6%
- 8%
- 10%
- 12%
- 14%

- Apartment
- Hotel
- Industrial
- Office
- Retail
Rent Growth Down but Positive
Retail and office the drag on rent growth.
NOI Growth also Down slightly.
NOI Growth by Property Sector

- Apartment: 2.50%
- Industrial: 3.75%
- Office: 2.00%
- Retail: -0.50%
Question

• What Property Sector do you think will perform best in 2022?
  • A. Apartment
  • B. Hotel
  • C. Industrial
  • D. Office
  • E. Retail
Cap Rates vs Occupancy

Spread narrows
Question

What impact do you think inflation will have on real estate over the next year?

- A. Reduce cap rates; there will be more growth in rents and MV.
- B. Increase cap rates; the Fed raises rates to fight inflation.
- C. No Impact on cap rates with growth offset by higher rates.
- D. Have no idea.
Gateway and Non-Gateway off Highs – But Spread Remains

NCREIF Return

Year


Returns

-2.00% -1.00%  0.00%  1.00%  2.00%  3.00%  4.00%  5.00%  6.00%  7.00%  8.00%

Gateway  Non-Gateway
Summary

- NPI Returns Down from Last Quarter but still near record highs
- Rolling 4 quarter returns highest since 1980 – second highest ever
- Price levels (Market Value Index) at new high
- Industrial NOT at a New High! But still best performing sector.
- Transactions down from last quarter – lower than expected given returns
- Cap rate compression still alive despite rising interest rates