

UK Property Yields to Uncertainty in First Quarter

Property cooling as investors await EU vote

London – May 4, 2016 - MSCI Inc. (NYSE: MSCI), a leading provider of investment decision support tools worldwide, including indexes, portfolio risk and performance analytics and ESG research, has recorded 1.1% in UK property investments in the first quarter of 2016 as indicated in [IPD UK Quarterly Property Index](#).

The total return of 1.1% in the first quarter is down from 2.9% recorded in the same period last year as the rate of growth was weighed down by negative growth in capital valuation. The decline in capital values to some degree reflects investors’ ‘wait-and-see’ period before the Brexit referendum in June to determine whether the UK will remain in the European Union; and, in addition, the recent changes in stamp duty legislation.

The strength of the UK property market was confirmed as income return in the first three months of 2016 remained at 1.2%, just as it had in the first quarter of last year. Capital values, however, decreased by 0.1%, compared to growth of 1.6% in the first quarter of 2015.

UK properties index outperformed equities, which stood at 0.2%; and properties equities which was recorded at -5.0%. UK properties also beat inflation rate of 0.2%.

Douglas Rowlands, Vice President, MSCI, explained: “The stable rate of income growth rate clearly reflects the strength of the UK property market; however, the market has not been immune to the questions regarding Britain’s future. As a rule of thumb, investors do not welcome uncertainty and prefer to wait and have a clear picture of the market. That’s what the data clearly showed in the first quarter: investment in the UK property market, at least to some degree, is on hold until we know whether this country will stay in the EU or not.”

[IPD UK Quarterly Property Index](#) measures performance of 9,817 property investments with a total capital value of £152.7 billion.

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Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research.

MSCI serves 97 of the top 100 largest asset managers, based upon P&I data as of December 2014 and MSCI client data as of June 2015.

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