

German Property Investment Continues Record Returns

MSCI Index Reveals 8.1% Return, Strong growth across sectors

Frankfurt – April 5, 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 another best total return in German property investment as it rose to 8.1% in 2015, as indicated in the [IPD Germany Annual Property Index](#).

The total return in 2015 marks a two percentage point rise from the previous record of 6.1% in 2014, reflecting continued robust growth and confidence in the German properties sector. The strong total return was a result of exceptionally strong capital value growth, which at 3.1% is a record high.

This year's total return of 8.1% compares exceptionally strong with three-year average of 6.4%, five-year average of 5.8%, 10-year average of 4.4%, and 15-year average of 3.9%.

The year's income return of 4.9% was slightly below 5.2% in 2014, and close to its 15-year average of 5.0%.

The figures show strength across the segments, including a turnaround in office properties capital value growth, which turned positive after a long period of declines.

Industrial properties remained the best performing sector with a rise in total return to 13.3% from 12.2% in the year before. Residential total return rose to 11.1% from 7.9%. Together, both sectors profited from increased investor demands, which was reflected in capital value growth of 6.2% in industrial sector, and 6.3% in residential sector.

Office properties turned to the positive territory marking capital value growth of 2.1%, beating the averages of 0.2% and -1.7% for 3-year and 15-year averages, respectively. Total return in office properties rose to 6.7% in 2015 from 4.3% in 2014.

Retail properties achieved total return of 8.5%, an increase from 7.2% in 2014. Capital value growth in retail properties stood at 3.2%.

Total expenditures remained highest in office at 883 million euros; and retail, at 2179 million euros. Sales in these two categories were also the highest: office, 2798 million euros; and retail 850 million euros.

Justus Vollrath, Executive Director, MSCI, commented: "The strong results in German property sector is a reflection of increased investor demand leading to further yield compression, which resulted in the lowest yield on the record at 5.4%. It is also a reflection of the strength of Germany's industrial sector and the overall economy.

"Traditionally, investors appreciated Germany's strong and stable income return, and this has remained an attractive element in the German property market for investors."

Commenting further on the property sector, Vollrath added: “Our data shows a decline of 520 million euros in net investment from acquisitions, sales, project development and investments in property portfolios. This is the first time we had a negative net investment since 2007 and it is because there was a trend by some investors to take advantage of the strong demand to clear up their portfolio of some of their assets.”

The [IPD Germany Annual Property Index](#) tracked the performance of 1,994 properties with total value of 50.1 billion euros.

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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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