

# UK Healthcare Outperforms All Property Sectors in 2016

## MSCI Index reveals 7.9% return

**London – March 16, 2017** – MSCI Inc. (NYSE: MSCI), a leading provider of investment decision support tools worldwide, has released the results of the **IPD UK Annual Healthcare Property Index**. The results show a 7.9% return for healthcare property in the U.K. in the year to end 2016.

Sponsored by Aitchison Raffety, the index measures 1,093 healthcare properties worth GBP 5.0 billion. The returns are calculated from a mix of primary care properties, leased principally to GP Practices and the NHS, and secondary care assets including care homes, specialist treatment centres and hospitals.

**Malcolm Hunt, Executive Director, MSCI commented,** “The index data shows that the healthcare sector has proved resilient in challenging market conditions, outperforming all other property sectors including retails, offices, industrials and residential.”

Total returns across all U.K. healthcare property have decreased over the last 12 months from 10.3% in 2015 to 7.9% in 2016. However, this was the third consecutive year of positive capital growth for the index. The return of 7.9% for 2016 exceeded the five and ten year average annualised returns of 7.2% and 6.6% respectively.

Hunt continued: “We now have a decade of results for the index. During this period the healthcare sector, with a total return of 6.6%, has outperformed all other asset classes (equities, bonds and listed real estate), as well as the U.K. all property average of 4.5%, even on a risk-adjusted basis.”

Primary healthcare outperformed secondary healthcare in 2016, with a total return of 9.3% against 5.2%. Although secondary healthcare had a higher income return of 6.6%, its return was dragged down by negative capital growth of -1.3%.

The best performing healthcare sector was Scotland primary healthcare, which generated a total return of 9.9% in 2016. London saw the largest fall in returns since 2015, from 11.6% to 8.5%. The segments ‘Rest of South East, South West and Eastern Primary Healthcare’ and ‘Midlands, North and Wales Primary Healthcare’ each returned 9.3%. Rental growth was modestly positive for all healthcare sectors, with open market rental values rising by 0.8% on average for all healthcare property.

**John Hearle, Medical Premises Consultant, Aitchison Raffety commented,** “Like the tortoise and the hare, the 10 year results show that slow but steady and consistent Primary Healthcare wins the race! Whilst the high capital growth may drop next year we hope to see rental growth and an overall continuation of such steady and consistent traits”.

-Ends-

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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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