

## Performance of Pan-European Property Funds Moderates in 2016

**London – March 14, 2017** – MSCI Inc. (NYSE: MSCI), a leading provider of research-based indexes and analytics, announced that Pan-European property funds delivered a net fund return of 2.3% in the last quarter of 2016, as indicated in the [IPD Pan-Europe Quarterly Property Fund Index](#).

This records performance for the 12 months to December 2016 at 4.7%, slowing down from 5.3% in September 2016 and 10.4% in December 2015. Despite the annual slowdown, quarter-on-quarter returns accelerated throughout 2016: after showing a marked slowdown in Q1 and Q2 (0.4% and 0.9%), returns gathered momentum in Q3 and Q4 (1.0% and 2.3%).

Underlying assets held in these funds recorded a similar pattern. The last quarter of 2016 showed the strongest return of the year at 2.2%. This was driven by capital growth of 0.9%, which followed three quarters of negative capital growth. Over 12 months, performance slowed to 4.8%, compared with 10.5% in December 2015. This was driven by a slight fall in capital values (0.4%), the first 12-month negative capital growth recorded since March 2014.

Although a slowdown was seen in most markets across Europe, the UK was the driving force. This was in part due to the slowdown of the UK market, and a currency effect - through 2016, Sterling depreciated by around 8% against the Euro, which is the currency the index is denominated in. In local currency, the asset level index returned 8.0% year-on-year in December 2016, compared with 12.9% in December 2015.

The Balanced funds, a sub-sample of 11 funds in the Index, outperformed the overall index with a 12-month net fund return of 5.7% and an underlying assets return of 6.5%. The out-performance was explained in part by a lower exposure to the UK.

**Mal Hunt, Executive Director, MSCI**, commented: “Following almost two years of double-digit returns from these open-ended pan-European funds, it’s perhaps not surprising to see a moderation in performance. Part of the 2016 slowdown is also explained by the adverse currency movement impacting the UK based assets, with Sterling depreciating around 8% against the Euro over the year.”

Over 12 months to December, the [IPD Pan-Europe Property Fund Index](#) outperformed property equities (-2.1%) and Bonds (+2.2%) but underperformed equities (+7.9%).

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