

US Real Estate Cools to Slowest Quarter in 5 Years

Lower capital growth product of decreased activity

New York – May 18, 2016 - MSCI Inc. (NYSE: MSCI) recorded a total return of 2.03% in the first quarter of 2016 as per the [PREA/IPD U.S. Quarterly Property Fund Index - All Funds](#).

The total return of 2.03% in the last quarter decreased from the total return of 3.23% in the previous quarter and 3.22% recorded in the first quarter in 2015. It also marked the lowest total return recorded by the index since the first quarter of 2010, which stood at 0.46%.

While the income return moderated slightly compared to the previous quarter, a decreased capital value growth contributed to lower index return.

Accordingly, income return declined to 0.98% from 0.91% as capital value growth slowed to 1.14% from 2.32% in the previous quarter. In the same period last year, income return stood at 0.94%; and capital growth return was 2.27%

However, despite generally bearish attitude in acquisition, competition for prime real estate remained resilient.

[PREA/IPD U.S. Quarterly Property Fund Index - All Funds](#) outperformed equities, bonds and property equities bonds on a one-year, three-year and five-year comparison, including across all the three measured levels: fund level and net fund, which are both leveraged; and Direct Property level, which is unleveraged.

Jim Valente, Executive Director, MSCI, commented: “The lower capital growth in the first quarter signals a timeout call by investors.

“At the same time, the investors’ enthusiasm for prime real estate particularly in choice markets showed no signs of cooling. Investors’ confidence in real estate has continued to gain this asset class greater allocation in investment portfolios.”

Valente continued: “The Index continued to outperform other major asset classes in the long-term and continued to expand its spread over government bonds.”

The findings of the Index, which highlight developing trends in the US commercial real estate market, will be [explored in a webinar on Thursday, May 18](#). Please register now to join the webinar.

The [PREA/IPD U.S. Quarterly Property Fund Index - All Funds](#) measures 35 funds and 3,990 with a net asset value of \$189.7 billion as at March 2016.

-Ends-

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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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