

## U.S. Commercial Real Estate Returns Moderate

**New York – August 18, 2016** – MSCI Inc. (NYSE: MSCI) reported a gross total return of 2.3% for open-ended real estate funds in the second quarter of 2016 as per the [PREA/IPD U.S. Quarterly Property Fund Index - All Funds](#).

The gross fund-level total return of 2.3% remained unchanged from the first quarter, reflecting the relative stability of its primary underlying components: income and capital growth.

At the gross fund level, the income return in the second quarter rose to 1.14% from 1.12% recorded in the first quarter, while capital value growth declined slightly to 1.12% from 1.15% in the period preceding it. This is the fourth consecutive period of decreasing capital value growth, which stood at 2.75% in the second quarter of last year.

Direct real estate total returns improved 0.04% returning 2.13% for the quarter, bolstered by 1.12% income return and 1.00% capital growth return. Returns measured directly at the asset level do not account for the impacts of leverage or fund management. A gross fund-level return includes the impacts of cash-on-hand and debt levels as well as other investments and portfolio effects, exclusive of any fees paid to the fund manager.

In the second quarter, the cash and debt levels as a percentage of net and gross asset value, respectively, increased from prior period. Cash increased to 3.32% from 3.10% and debt increased to 25.14% from 24.61%.

MSCI will provide analysis and further insight on the Index on Thursday, August 18th during [PREA/IPD U.S. Quarterly Property Fund Index Webinar](#); which begins at 11:00am EDT.

The [PREA/IPD U.S. Quarterly Property Fund Index - All Funds](#) measures 35 open-ended funds and 4,168 assets with a net asset value of \$194.2 billion as at June 2016.

-Ends-

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For more than 40 years, MSCI's research-based indexes and analytics have helped the world's leading investors build and manage better portfolios. Clients rely on our offerings for deeper insights into the drivers of performance and risk in their portfolios, broad asset class coverage and innovative research.

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.

For more information, visit us at [www.msci.com](http://www.msci.com).

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