

UK Property Returns and Values Decline in July

London— August 15, 2016 – MSCI Inc. (NYSE: MSCI) has recorded a negative total return and capital value decline in UK property in July, as indicated in [IPD UK Monthly Property Index](#).

The total return in July fell to -2.4%, compared to 0.2% in June; with capital values depreciating by 2.8% during the month, the second consecutive monthly decline as values declined by 0.3% in June.

July, the first full month after UK voters voted to leave the European Union, marked a major decline in total returns and capital values since the global financial crisis. The slide in capital value of 2.8% in July is the greatest fall since March 2009, when the Index registered a capital value decline of 3.1%.

Capital value declines were particularly pronounced in the office sector in Central London, where values fell by 3.6%.

Income return in the Index remained broadly unchanged at 0.4%. However, market rental values switched to negative growth, albeit minor at -0.1% for the month of July, suggesting incomes may come under pressure in the medium-term if further declines are recorded.

Colm Lauder, Vice President, MSCI, explained: “The fall in values during the month of July is the biggest such decline since the mid-point of the global financial crisis in March 2009. The UK market, especially in London, had been keenly priced in the run up to last month’s vote, with yields in the British capital city at historic lows and income returns amongst the least competitive in Europe. The record pricing in the real estate market could leave little room to buffer economic or political shocks, like BREXIT, with values potentially falling further as occupier sentiment weakens.”

MSCI will provide further insight into the UK property market on Tuesday, August 16, during [MSCI/IPF UK Property Investment Webinar](#) scheduled for 2:00 p.m. BST; 2:00 EDT.

The [IPD UK Monthly Property Index](#) measures the performance of 3,341 property investments with a capital value of about GBP47 billion.

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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.

For more information, visit us at www.msci.com.

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