

# UK Residential Property Investment Outperforms Other Asset Classes

## MSCI Index reveals 7.1% return

**London – March 03, 2016** – MSCI Inc. (NYSE: MSCI), a leading provider of investment decision support tools worldwide, announced today that it has recorded a 7.1% total return in 2015 for the UK market let residential sector as indicated by the [IPD UK Annual Residential Property Index](#).

The strongest areas of performance were recorded outside of Central London with South West, Midlands and Wales producing a total return of 17.9% in the year which was mostly driven by strong capital growth.

The Index results show that the net yield in Central London remains below 2% for the second consecutive year. Across the UK, the average net income yield was 2.5% which was marginally up on the previous year.

**Mal Hunt, Executive Director, MSCI commented:** “Unlevered UK market let residential generated a solid 7.1% return in 2015, with diverse geographic performance as London returns decelerated year-on-year and South Eastern, South Western and Midlands market returns accelerated.

“Over the past 15 years UK market let residential has performed very favorably on an absolute and risk-adjusted return basis, generating average annualized returns of 10.5% per annum and average rental growth over the period of 2.7% p.a. on par with RPI inflation.”

Inner London total returns slipped to 9% from 19.7% in 2014 with rental values of 3.6%. Outer London saw returns fall to 12.3% with rental value of 2.8%. Central London (zone 1) returns slipped to 4.1% from 9.8% in 2014, with rental value of 1.4%.

Northern England and Scotland saw a second year of positive returns (5.2%) since 2007 with a stronger return than Central London since 2008. Comparatively, commercial real estate returned 13.1% in 2015 according to the IPD UK Annual Property Index.

The IPD UK Annual Residential Property Index is based upon properties let on modern residential leases, primarily assured short hold tenancies. The index tracks performance of 7112 property investments, with a total capital value of GBP 3.8 bn as at December 2015.

Over the 15 year history of the index, it has outperformed equities, bonds, real estate equities, commercial all property returns and RPI inflation.

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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](http://www.msci.com).

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