

U.S. Property Fund Returns Outperform Other Asset Classes

MSCI Index reveals 15.6% total return for 2015

New York – February 18, 2016 – MSCI Inc. (NYSE: MSCI), a leading provider of investment decision support tools worldwide, including indexes, portfolio risk and performance analytics and ESG research, announced that it has recorded a 15.6% gross fund total return in 2015 for U.S. commercial property funds as indicated by the [PREA/IPD U.S. Quarterly Property Fund Index \(All Funds\)](#).

The PREA/IPD U.S. Quarterly Property Fund Index reported a gross fund-level total return of 3.5% for the fourth quarter of 2015. Gross fund-level total returns for the one-, three-, five-, and seven- year annualized ending December 30, 2015 were 15.6%, 14.3%, 14.3%, and 6.5%, respectively. End of period high level statistics are as follows: 24.4% LTV ratio, 2.9% cash as a percentage of GAV, and 93.9% occupancy rate.

The direct unleveraged real estate total return for the fourth quarter of 2015 was 2.8%. The San Francisco Bay Area was the top performing market for the quarter, returning 3.9%, while Houston was the lowest at 0.6%. Self-Storage assets were the best performing subsector returns 4.3%, while Low Rise Apartments were the subsector laggard returning 2.1%. Overall occupancy level of the index is 93.5% with a trailing twelve-month income return of 5.0% and cap-rate of 4.7% on standing investments.

Over the year, fund returns performed exceptionally strong, outperforming property equities and bonds over a one-, three-, and five- year basis for direct property, net fund, and gross fund levels. They also outperformed equities on a one- and five- year basis.

Simon Fairchild, Executive Director, MSCI commented: “U.S. real estate open-end funds have produced double-digit returns for six straight years. This period encompasses the remarkable recovery from the doldrums of 2008/2009. For the last six years, investors have experienced a cumulative return of 129% outperforming the IPD Global Property Fund Index.”

The PREA/IPD U.S. Quarterly Property Fund Index (All Funds) measures real estate investment performance for open-end, commingled funds and encompasses the risk spectrum of investment strategies, as well as both diversified and sector specific funds. It comprises 35 funds with 3,990 assets, and USD 248.2 billion in gross asset value (GAV), as of December 31, 2015.

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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.

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