

Canadian Property Returns Fall To Single Digits

Total Returns fall below 10% for first time since 2010

Toronto – February 10, 2015 – MSCI Inc. (NYSE: MSCI), a leading provider of investment decision support tools worldwide, has released new data which shows that Canadian direct real estate investment returns for 2014 have, for the first time in four years, shown a single digit total return.

The **REALpac/IPD Canada Quarterly Property Index** shows that unlisted Canadian commercial real estate delivered a total return of 7.3% (index of standing market investments) for the year ending December 31, 2014, the first time that levels have dropped below 10% since 2010 (10.7%). With transactions and developments included, the IPD Universe falls to 7.0%.

Over the last 12 months in Canada, unlisted real estate underperformed public equities at 11.4% (MSCI Canada Index) and bonds at 10.4% (J.P. Morgan Government Bond Index 7-10 years).

On a regional level, investments in Manitoba property gave the highest total returns in the country, at 9.4% - a significant fall from the 16.4% recorded in 2013. All other Canadian regions experienced a fall in total returns in 2014, with Ontario, New Brunswick and Quebec also seeing significant slips in return levels.

Vancouver, returning 9.1%, led the six major Canadian markets with Montreal (4.1%) in the last spot due to the impact of negative capital growth. Calgary, a consistent high-performer in the Index, returned slightly less than Vancouver at 8.8%.

The Canadian industrial sector, at 9.2%, provided the highest returns out of the four main property classifications with offices (6.4%) seeing the lowest.

Simon Fairchild, Executive Director, MSCI commented: "Data from the **REALpac/IPD Canada Quarterly Property Index** confirms the continuing slowdown of the Canadian property market. Apart from a short period in 2008-2009, the market has delivered a consistently good level of return for a decade, but this data shows a significant fall in return levels across the country over the last two years. However, the 10 year annualized return of 11.4% shows Canada has been one of the best performing developed markets covered by IPD data."

The **REALpac / IPD Canada Quarterly Property Index** measures 2,351 institutional grade properties across Canada valued at \$124.8 billion CAD, as of December 31, 2014.

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About MSCI

MSCI Inc. is a leading provider of investment decision support tools to investors globally, including asset managers, banks, hedge funds and pension funds. MSCI products and services include indexes, portfolio risk and performance analytics, and ESG data and research.

The company's flagship product offerings are: the MSCI indexes with over USD 9.5 trillion estimated to be benchmarked to them on a worldwide basis¹; Barra multi-asset class factor models, portfolio risk and performance analytics; RiskMetrics multi-

asset class market and credit risk analytics; IPD real estate information, indexes and analytics; MSCI ESG (environmental, social and governance) Research screening, analysis and ratings; and FEA valuation models and risk management software for the energy and commodities markets. MSCI is headquartered in New York, with research and commercial offices around the world.

¹ As of June 30, 2014, as reported on September 30 2014 by eVestment, Morningstar and Bloomberg

For further information on MSCI, please visit our web site at www.msci.com

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