

IPD INDEX ANNOUNCEMENT

March 2017

IPD UK ANNUAL RESIDENTIAL PROPERTY INDEX

CHANGE IN INDEX COMPOSITION AND RESTATEMENT PRACTICE

London, March 2017: MSCI has announced a change for both the composition and restatement processes for the IPD UK Annual Residential Property Index. The 2016 results will be based on the full residential sample within the IPD UK Annual Property Index (start date as at December 1989), while in the past the UK Annual Residential Property Index was based on a select number of data contributors with residential specialist portfolios with a start date of December 2000. This change allows for a more representative view of performance of the UK residential investment market.

The index composition has increased from 16 funds (Capital Value GBP 3.8 billion) at the end of 2015 to 75 funds (Capital Value GBP 11.1 billion) at the end of 2015. The new index will comprise both market-let and non-market-lets as well as the addition of a new segment ‘Residential Unattributable’. The impact of the composition change in sector weights is shown in the table below. MSCI will work together with the data contributors to reduce the segment Residential Unattributable. . The annual benchmark report for the UK residential specialists will continue to be produced based on the smaller sample and will only include the two segments – market-lets and non-market-lets.

In addition to the change in index composition, the restatement process has changed and the index results will be frozen. The increased sample size, representativeness and robustness of the index will allow for freezing the index results. By freezing the UK Annual Residential Property Index results the restatement practice is the same as the IPD UK Annual Property Index.

These changes were implemented after consultation with a select group of clients upon discussion of improving both the sample and performance transparency of the UK residential market.

IMPACT ANALYSIS OF INDEX SECTOR WEIGHTS

	Index Sector Weight (%) by Capital Value - Dec 2015 (BEFORE CHANGE)	Index Sector Weight (%) by Capital Value - Dec 2015 (AFTER CHANGE)	Difference in Sector weight (%)
Market-lets	100.0	33.5	-66.5
Non-market lets		31.7	+31.7
Residential Unattributable		34.8	+34.8

CONTACT US

realestate@msci.com

+ 44 20 7336 4783

AMERICAS

Canada + 1 416 687 6284

US + 1 212 804 3900

EUROPE, MIDDLE EAST & AFRICA

UK + 44 20 7336 9200

France + 44 20 7336 4783

Germany + 49 691 3385 900

Italy + 44 20 7336 9684

Netherlands + 31 88 328 22 00

Spain + 34 93 467 7403

South Africa + 27 21 673 0100

Sweden + 46 8 400 252 30

ASIA PACIFIC

Australia + 61 2 9033 9300

Hong Kong + 852 2844 9333

Singapore + 65 6826 9339

Japan + 81 3 5211 1455

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