

# Real estate index announcement

May 2020

## Methodology Change to The Property Council of Australia /MSCI Australia Hotel Annual Property Index (Unfrozen) Published Quarterly

**Sydney, May 2020:** MSCI announced today that it has implemented changes and improvements to The Property Council of Australia/MSCI Australia Hotel Annual Property Index (Unfrozen) Published Quarterly to align to the Global Methodology Standards<sup>1</sup> for Real Estate Investments.

With this change, the methodology for this index will better align with the market specific data practices in Australia as per the MSCI Property Indexes Methodology<sup>2</sup>. The data treatment for assets with asynchronous valuation practices within Hotel property index will align with that of the MSCI Australia All Property Index. While the former methodology allowed for the preceding valuations of assets in the contributing portfolios to be held down up to 18 months (when assets are not valued), the new methodology for the Hotel property Index allows for such a practice for up to 12 months.

Additionally, the calculations of Hotel Occupancy, Hotel Average Room Rate and Hotel Revenue Per Available Room are now based on data treatment for assets with shared ownership and aligned with the MSCI Property Index Methodology.

In addition to the methodology changes, the historical Index composition is also impacted due to the deviation of the former data provision requirements from the current standard MSCI data provision requirements<sup>3</sup> by particular index participants. Retrospectively, the above methodology changes have impacted the Index results and corresponding market information products. Please see below the revised results and summary of impact analysis.

### SUMMARY OF IMPACT ON INDEX RESULTS

Annual Returns (%)	Dec-2019			Dec-2018			Dec-2017		
	Former	Restated	Diff	Former	Restated	Diff	Former	Restated	Diff
Total Return	0.8	0.8	0.0	7.4	7.4	0.0	15.2	15.4	0.2
Capital Growth	-5.5	-5.5	0.0	0.8	0.9	0.1	7.8	7.9	0.1
Income Return	6.6	6.6	0.0	6.5	6.5	0.0	6.9	6.9	0.0

<sup>1</sup> More information on the Global Methodology Standards can be found [here](#)

<sup>2</sup> More information on the MSCI Property Indexes Methodology (refer section 2.3.4.5) can be found [here](#)

<sup>3</sup> More information on the MSCI Real Estate Data Provider Code of Conduct can be found [here](#)

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