

MSCI Real Estate Market Size 2023: An Index Perspective

IMPACT ON GLOBAL & REGIONAL COMPOSITE PROPERTY
INDEXES

29th July 2024

Overview

- In this report MSCI presents the 2023 market size estimates
- The reweighting methodology¹ for MSCI composite property indexes **remains unchanged** and is based on the ‘Professionally Managed’ real estate market size estimates
- MSCI endeavors to continuously improve the market size sample based on new information/data sources that become available every year and announce the summary of changes along with the impact on country weights in MSCI composite indexes on MSCI’s web-site, as needed
- Through this report, MSCI announces the following highlights:
 1. Changes to market size weights by country for its Global and Regional Composite Property indexes
 2. For Global and Europe Quarterly Property Indexes these changes are effective from Q2 2024 reporting (to be published on 4 Sep 2024 and 2 Sep 2024 respectively)
 3. For Global and other regional composite annual property indexes, these changes are effective from 2024 annual reporting (to be published in April 2025)

Real Estate Market Size Hierarchy & Definitions

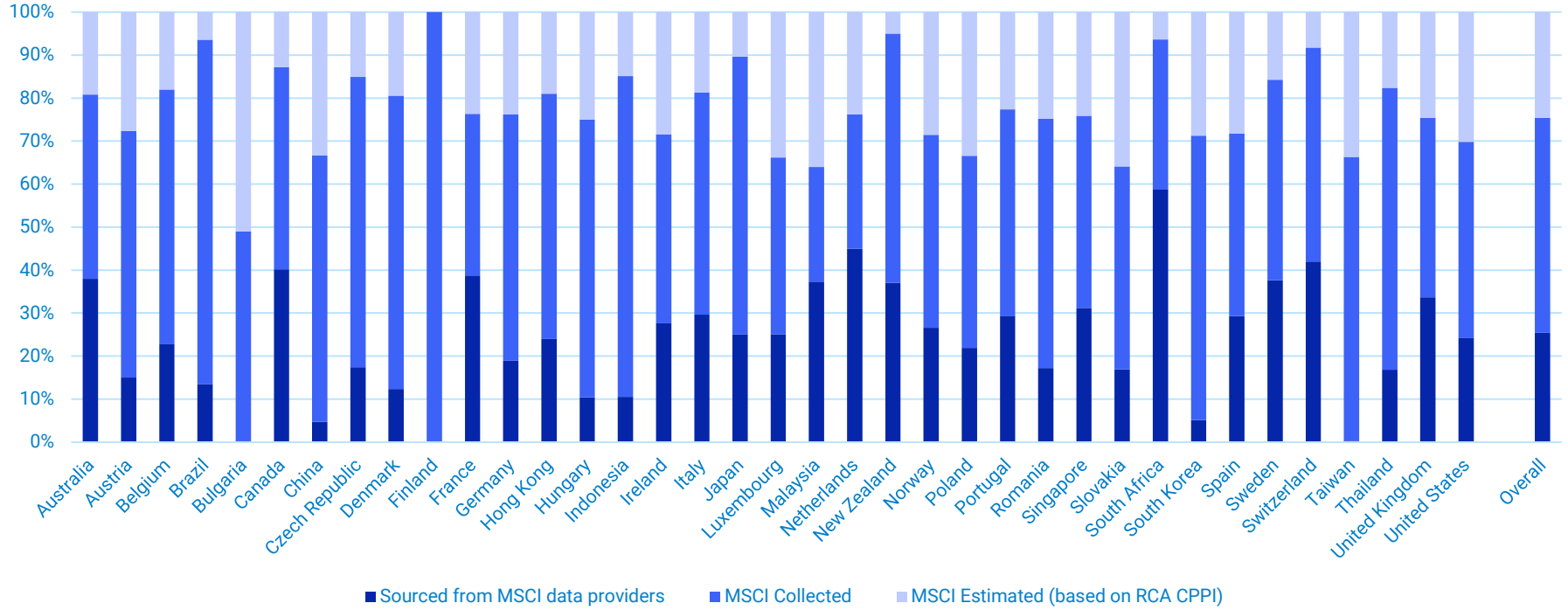


- Small Private Landlords (< USD 100 million)
- Owner-occupied portfolios
- Development companies
- Municipal and social housing

- Insurance and Pension Funds
- Sovereign Wealth Fund
- Unlisted Funds (Closed and Open Ended)
- Traditional Estates and Charities
- Listed Funds
- Large Private Landlords (> USD 100 million)
- Leased office, retail, industrial, residential and other property
- Investment property under development

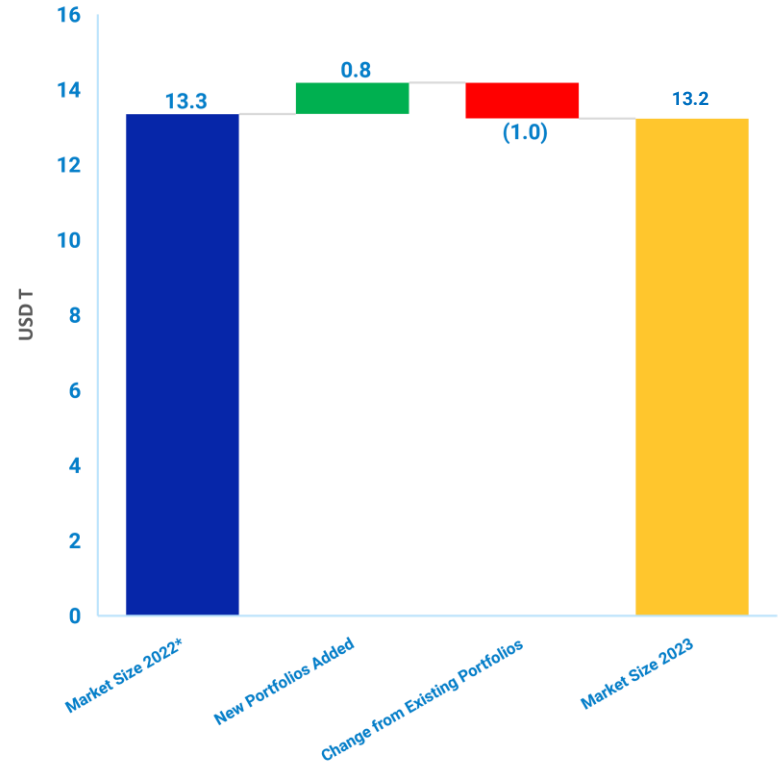
Timberland, farmland and infrastructure, mortgage companies and Funds of funds and indirect holdings are **excluded** from the analysis

Market Size Composition



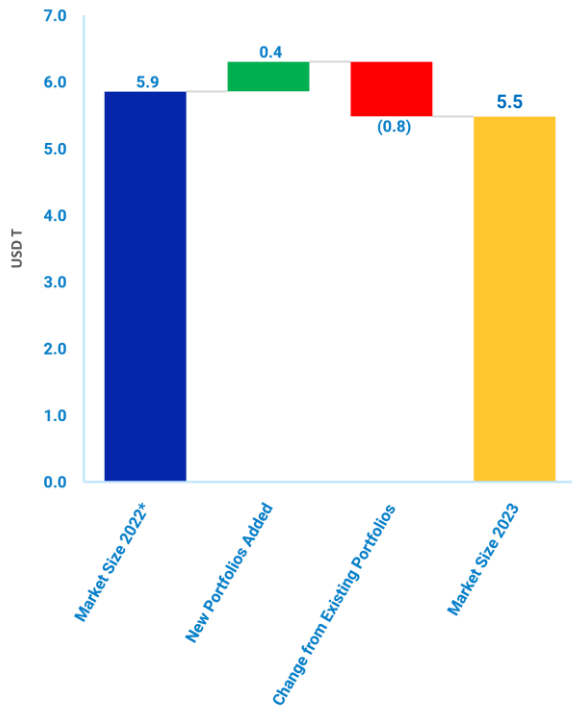
Drivers of Market Size Change in 2023

- New portfolios added 6.3% to the 2022 market size estimates
- The existing portfolios witnessed a y-o-y decline of -7.2% in 2023
- For more detailed analysis of the impact on the weights of MSCI Global and Regional Property Indexes, please refer to slides 12 to 17

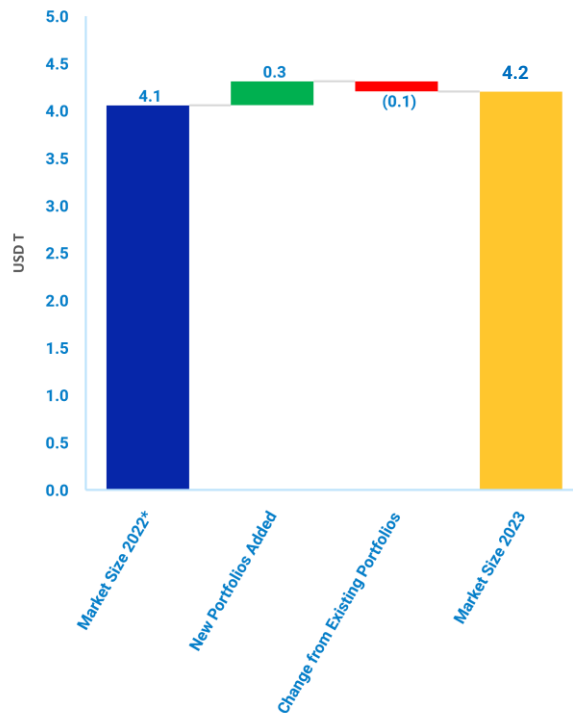


Drivers of Market Size Change in 2023 | Regional Break-down

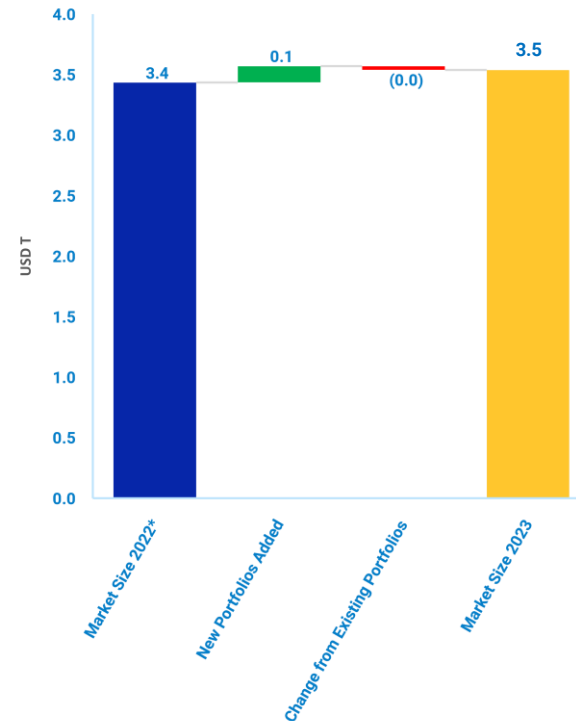
Americas



EMEA

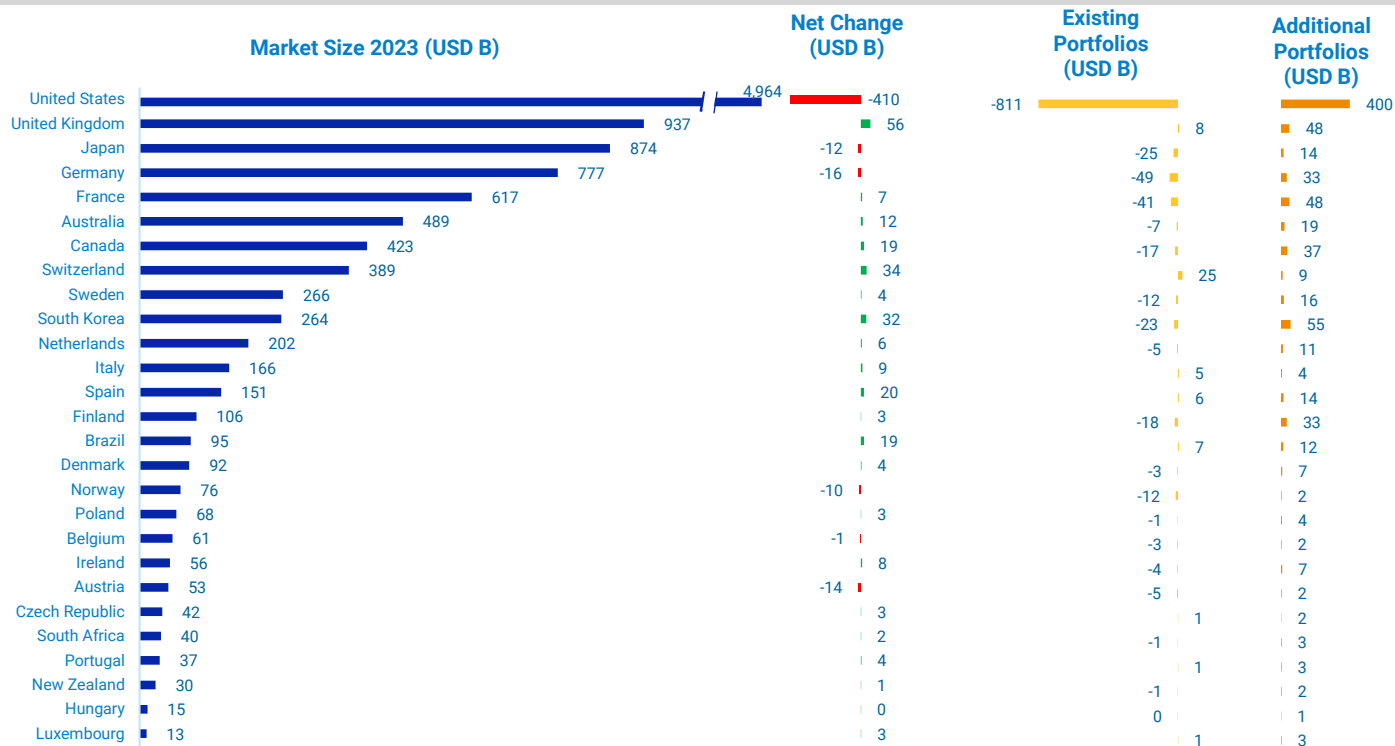


APAC



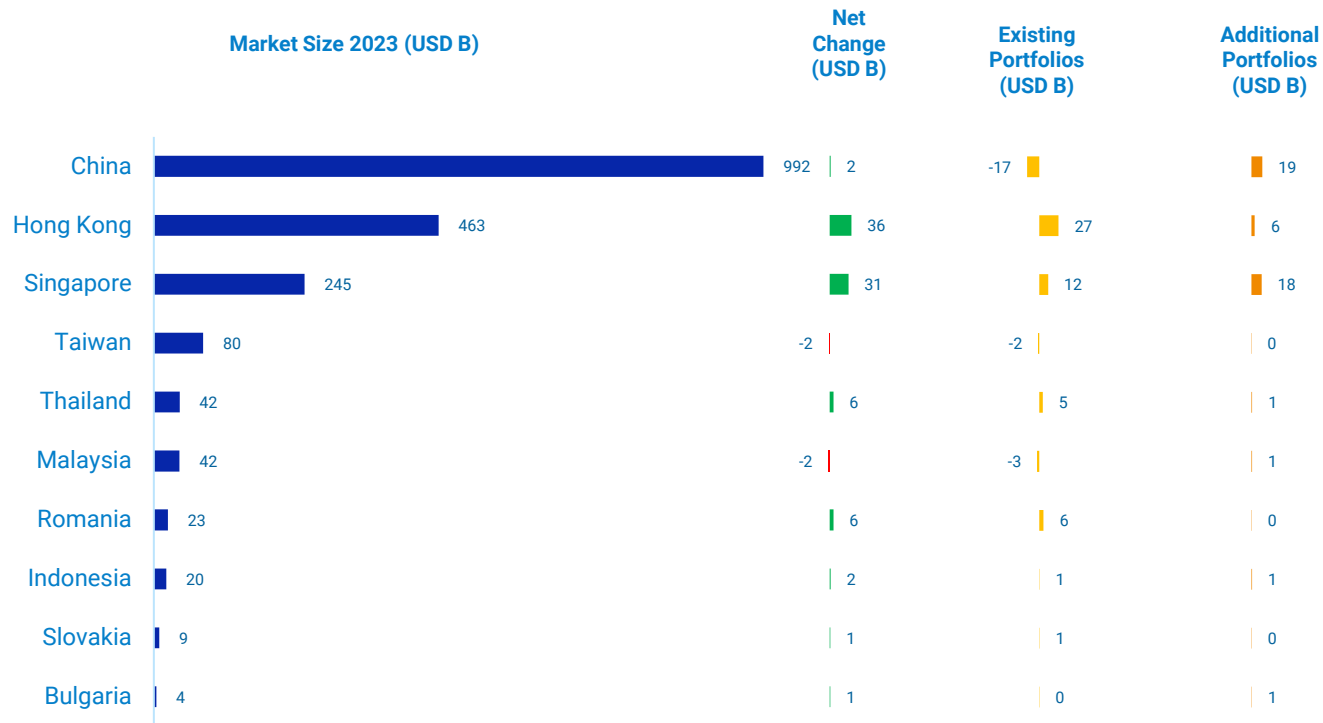
Market size estimate Changes by Market

Constituents of MSCI Global Annual Property Index



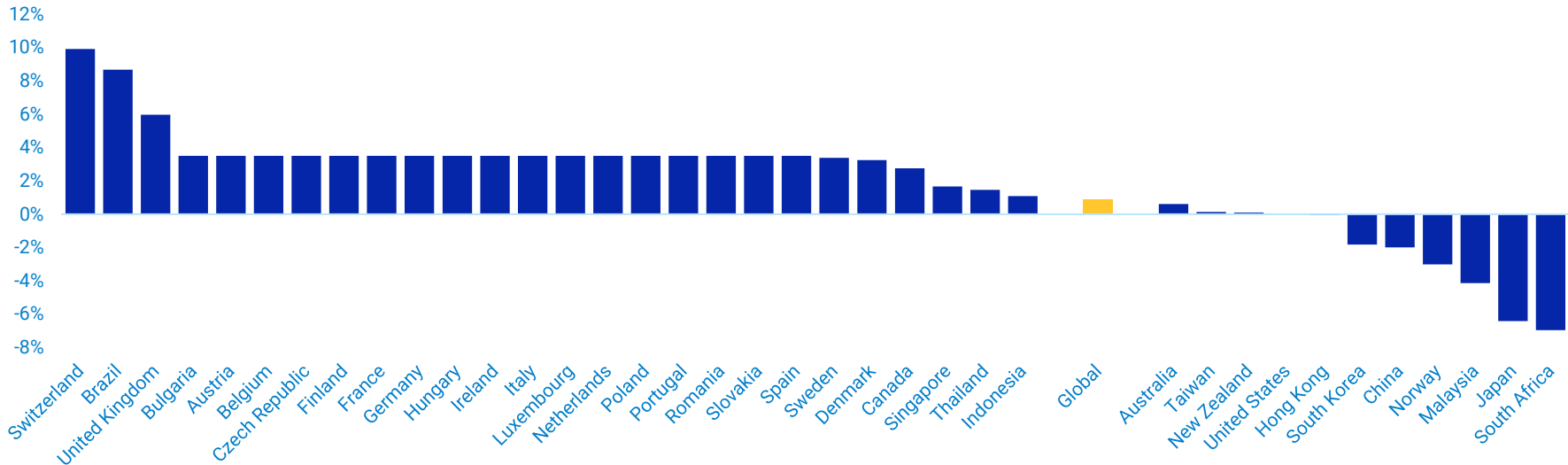
Market size estimate Changes by Market

Other Markets

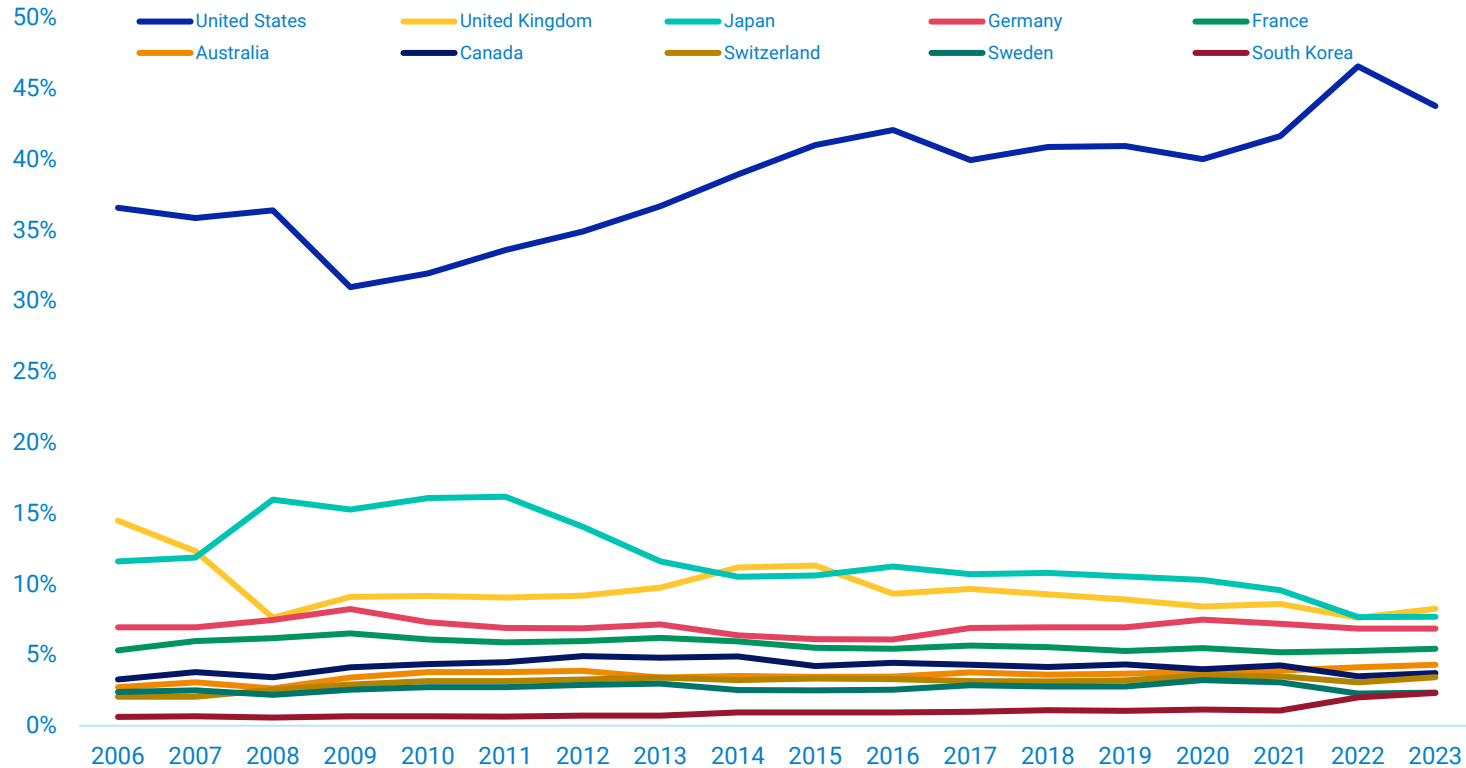


Drivers of Market size change 2023 | Currency Impact vs. USD

- Overall the currency impact is 0.9%, driven by strengthening of other currencies against USD in 30 of the 36 markets
- Amongst the larger markets, Japanese Yen and Chinese Yuan weakened against USD causing the overall currency impact to be subdued

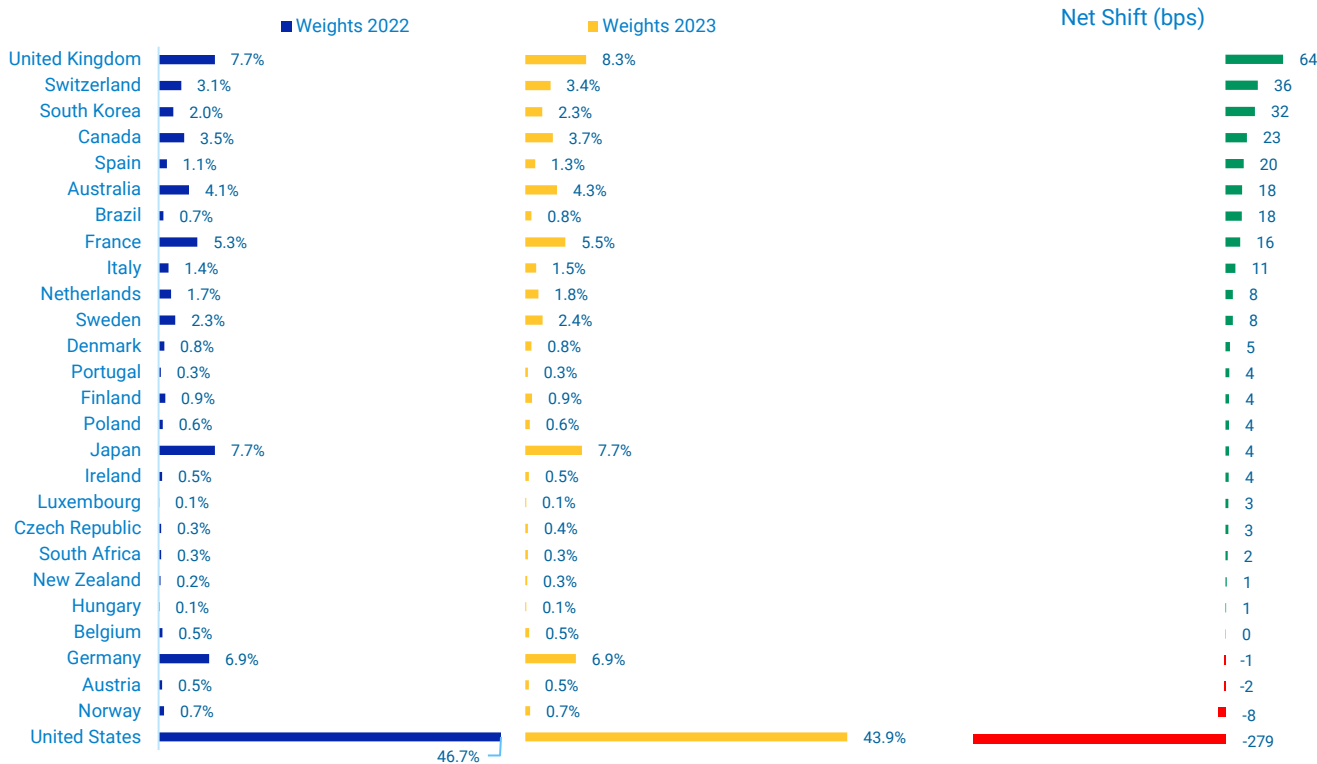


Market Size Weight of Top 10 Markets in MSCI Global Annual Property Index



- Weight of United States decreased by 2.8 percentage points in 2023 compared to 2022
- Top 10 markets comprise 88.2% of the capital value of the MSCI Global Annual Property Index; slightly lower than 89.0% in 2022

Change in Market Size weight of constituents of MSCI Global Annual Property Index



- As per MSCI Property Indexes Methodology, the refresh of market size weights is *timed along with the respective index releases in April/May every year*

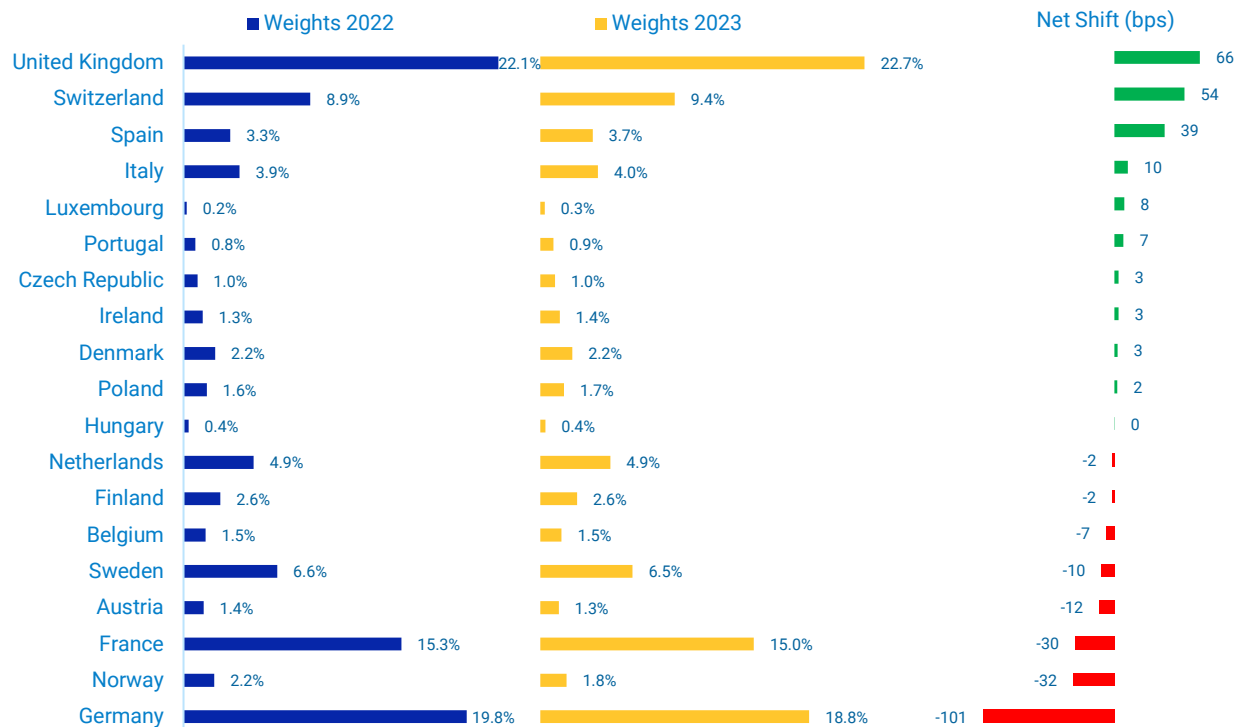
For 2023 MSCI Composite Annual Property Indexes:

- 'Weights 2022' were used as a base to derive the 2023 estimated weights for reweighting.

For 2024 MSCI Composite Annual Property Indexes:

- 'Weights 2023' will be used as a base to derive the 2024 estimated weights for reweighting

Change in Market Size weight of constituents of MSCI Europe Annual Property Index



- As per MSCI Property Indexes Methodology, the refresh of market size weights is *timed along with the respective index releases in April/May every year*

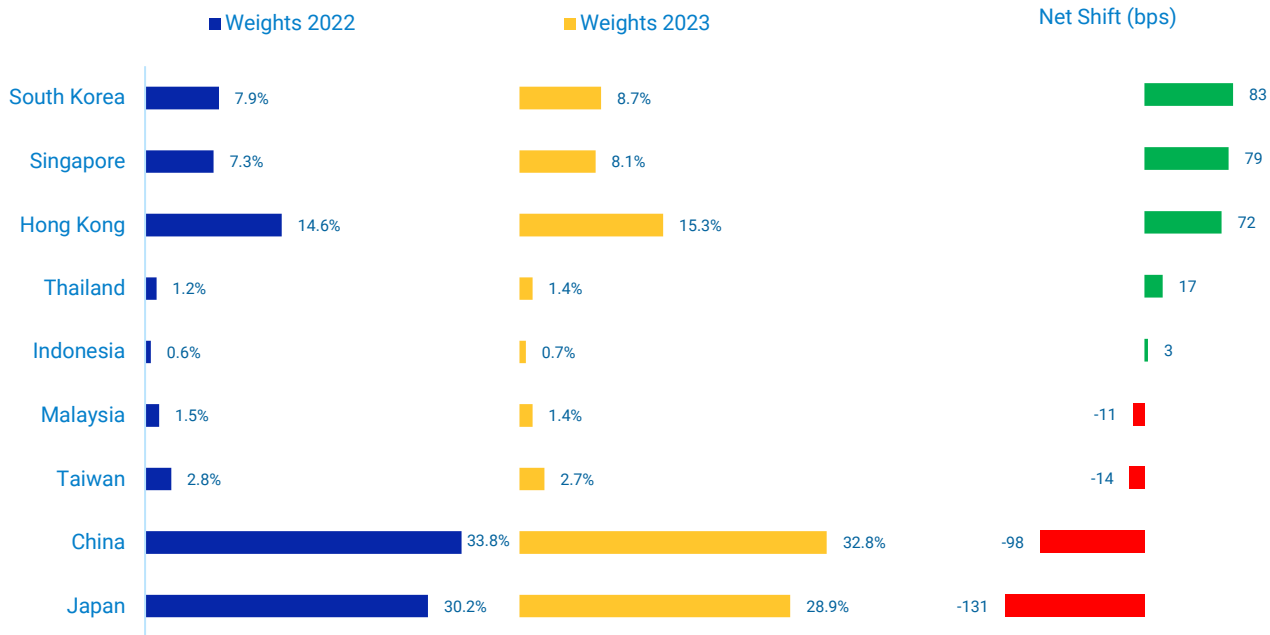
For 2023 MSCI Composite Annual Property Indexes:

- 'Weights 2022' were used as a base to derive the 2023 estimated weights for reweighting.

For 2024 MSCI Composite Annual Property Indexes:

- 'Weights 2023' will be used as a base to derive the 2024 estimated weights for reweighting

Change in Market Size weight of constituents of MSCI Asia Annual Property Index



- As per MSCI Property Indexes Methodology, the refresh of market size weights is *timed along with the respective index releases in April/May every year*

For 2023 MSCI Composite Annual Property Indexes:

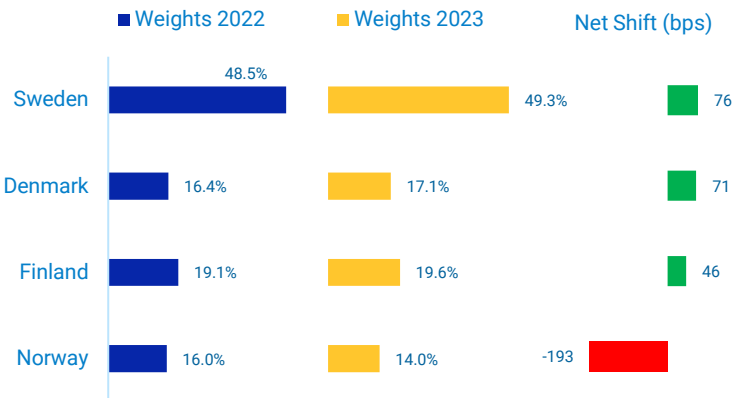
- 'Weights 2022' were used as a base to derive the 2023 estimated weights for reweighting.

For 2024 MSCI Composite Annual Property Indexes:

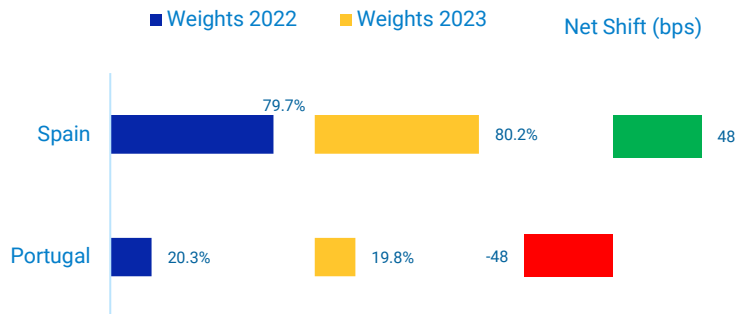
- 'Weights 2023' will be used as a base to derive the 2023 estimated weights for reweighting

Change in Market Size weight of constituents of MSCI Nordic Property Index and MSCI Iberia Property Index

MSCI Nordic Property Index



MSCI Iberia Property Index



- As per MSCI Property Indexes Methodology, the refresh of market size weights is *timed along with the respective index releases in April/May every year*

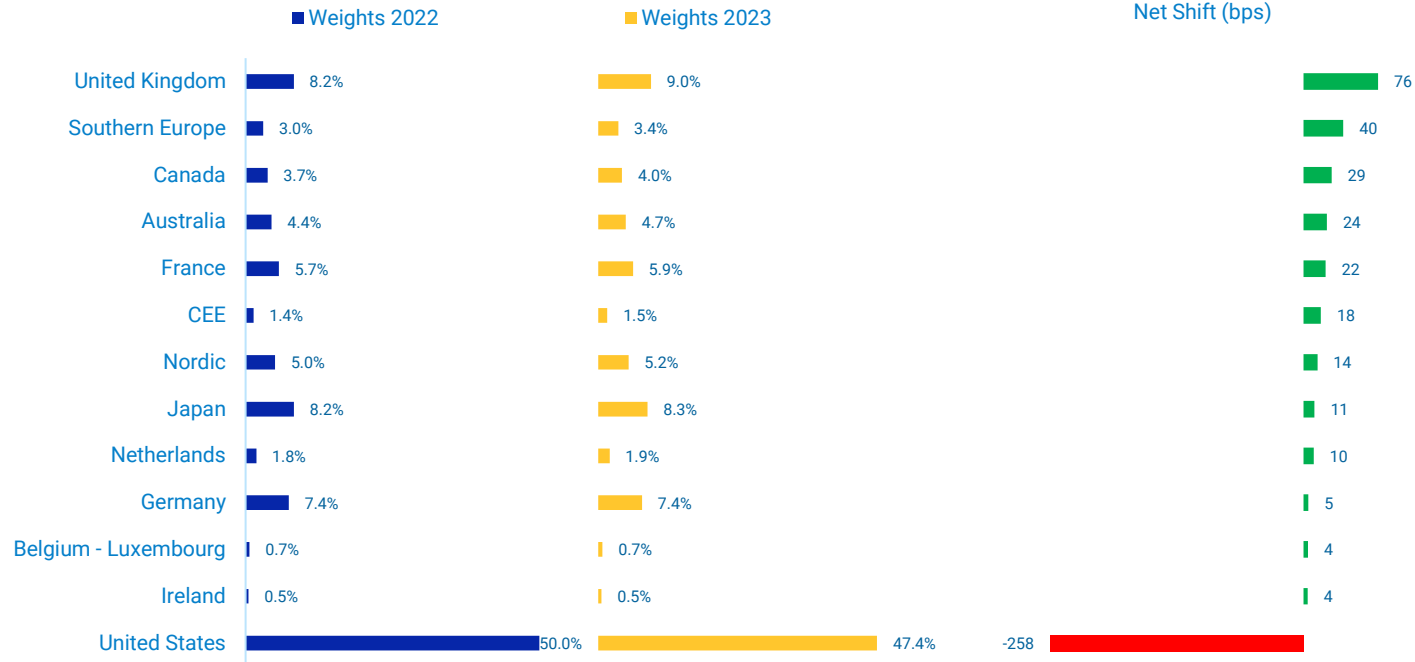
For 2023 MSCI Composite Annual Property Indexes:

- 'Weights 2022' were used as a base to derive the 2023 estimated weights for reweighting.

For 2024 MSCI Composite Annual Property Indexes:

- 'Weights 2023' will be used as a base to derive the 2024 estimated weights for reweighting

Change in Market Size weight for constituents MSCI Global Quarterly Property Index (MSCI GQPI)

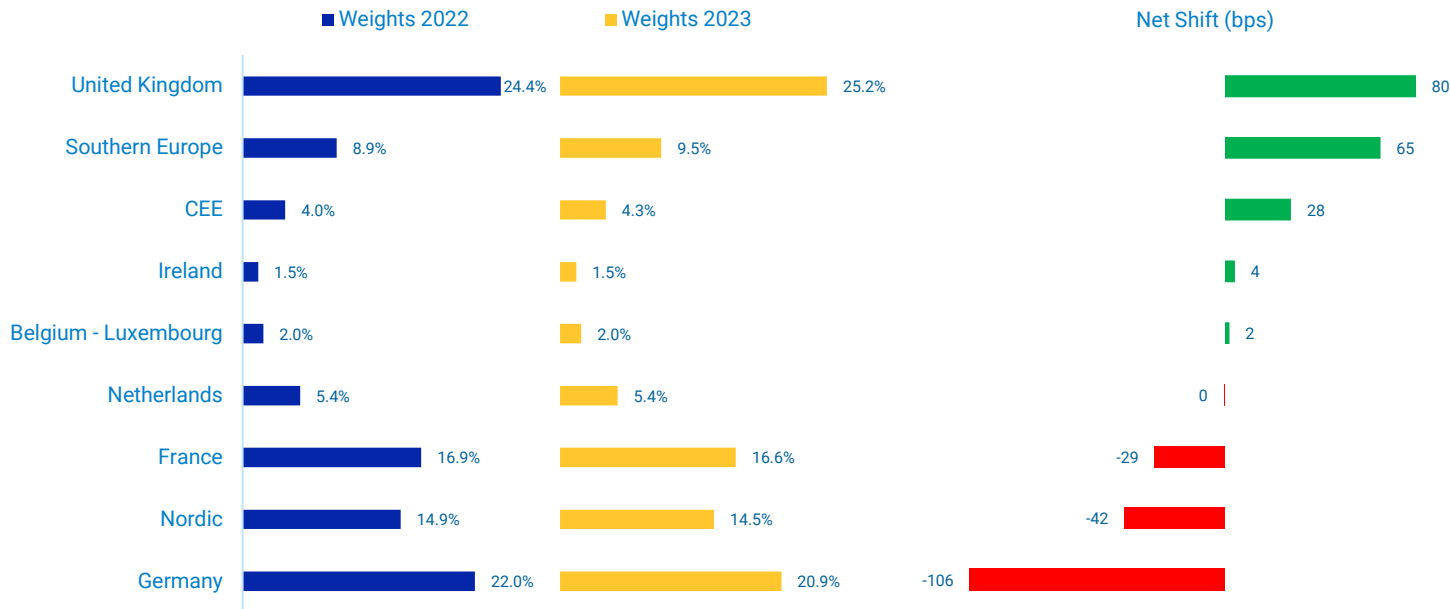


- As per MSCI Property Indexes Methodology, the refresh of market size weights used for reweighting MSCI GQPI is timed along with the release of **Q2 index results**

- '**2022 Weight**' is used as a base to derive the subsequent quarterly estimated weights used for reweighting of MSCI GQPI from **Q2 2023 to Q1 2024**

- '**2023 Weight**' is used as a base to derive the subsequent quarterly estimated weights used for reweighting of MSCI GQPI from **Q2 2024 to Q1 2025**

Change in Market Size weight for constituents MSCI Europe Quarterly Property Index (MSCI EQPI)



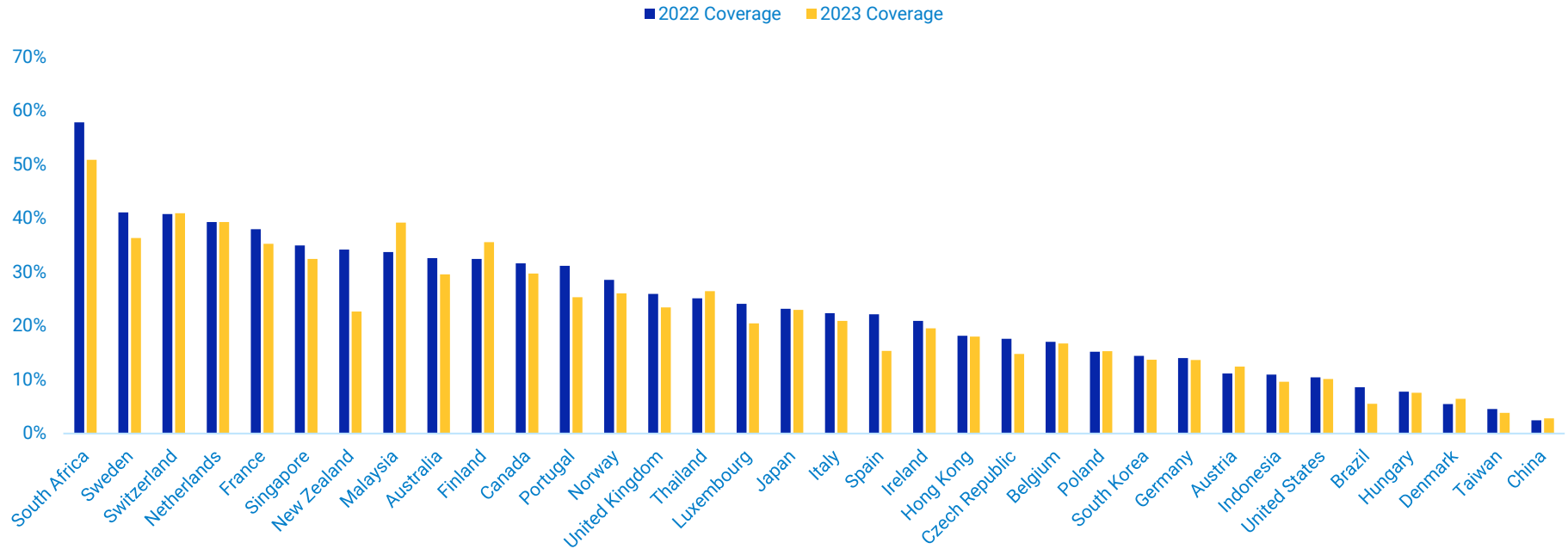
- As per MSCI Property Indexes Methodology, the refresh of market size weights used for reweighting MSCI GQPI is timed along with the release of **Q2 index results**

- '**2022 Weight**' is used as a base to derive the subsequent quarterly estimated weights used for reweighting of MSCI GQPI from **Q2 2023 to Q1 2024**

- '**2023 Weight**' is used as a base to derive the subsequent quarterly estimated weights used for reweighting of MSCI GQPI from **Q2 2024 to Q1 2025**

MSCI Annual Property Index Coverage: 2023 vs 2022

Index coverage is calculated as a ratio of index capital value to the corresponding professionally managed market size estimate



About MSCI

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 years of expertise in research, data and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process. To learn more, please visit www.msci.com.

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