

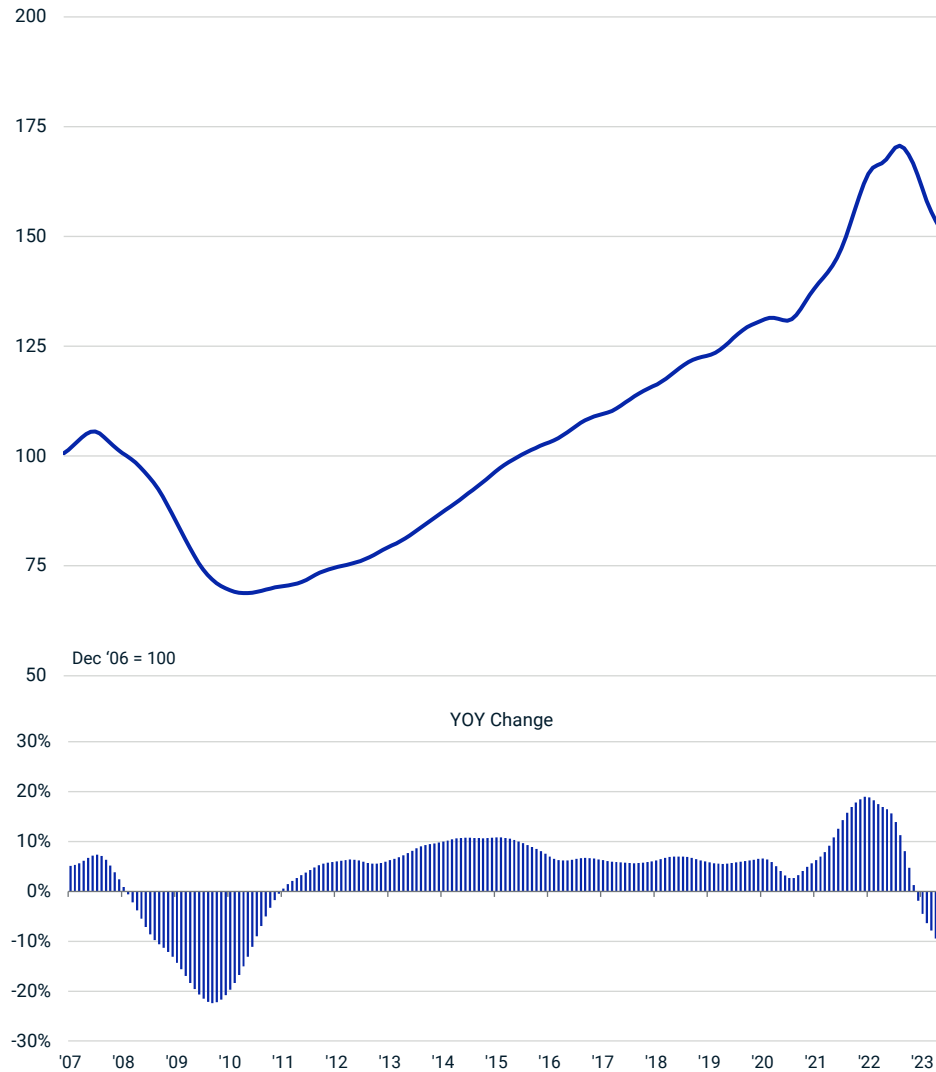
RCA CPPI™ US

Commercial property price indexes

-11.2% Change past year

-1.2% Change past month

National All-Property Index



U.S. commercial property pricing continued to fall in May, with all major property sectors posting steeper annual declines. The RCA CPPI National All-Property Index dropped 11.2% from a year ago and 1.2% from April. The annual decline is the largest for the composite index since May 2010.

Significant challenges with the cost of financing deals as well as the availability of credit for commercial property investors have weighed on property pricing and deal activity. Investment volume in the first five months of the year has dipped to the lowest level in the past decade, as reported in the latest edition of US Capital Trends.

Industrial prices fell: the index slipped 0.5% from April and 2.3% from a year earlier. The industrial sector had been the lone standout still posting positive annual growth up until April, when that rate finally turned negative.

The fall in retail prices steepened to 7.4% YOY in May. Retail prices fell 0.6% from April, marking the tenth straight month of negative monthly returns.

The apartment sector again posted the largest annual decline, dropping 12.5% YOY. Despite the steep drop in apartment prices in recent months, the index remains 19% above the level seen at the start of the pandemic in April 2020.

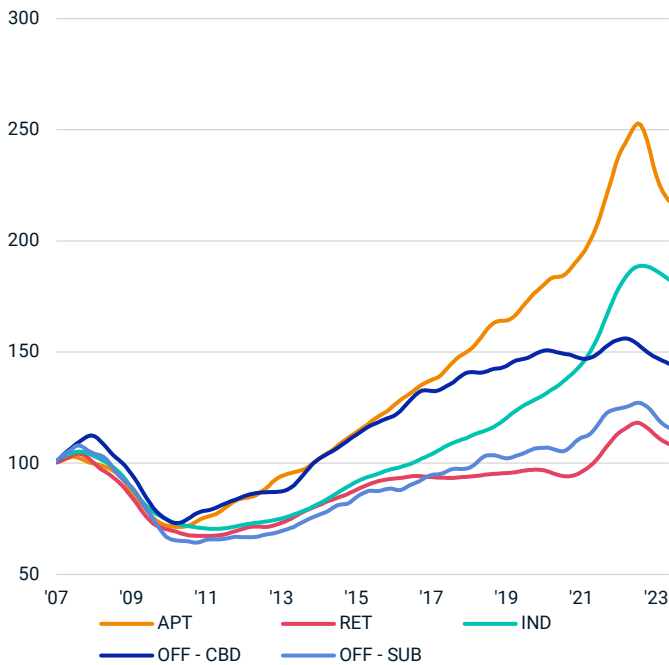
Suburban office prices have performed worse than CBD office recently, falling 8.1% from a year earlier and 0.7% from April. The CBD office index posted an annual decline of 6.9% and a 0.4% monthly drop.

Comparing the two office subtypes since the onset of the pandemic, however, the laggard changes. The CBD sector performed worse, falling 4% from April 2020, making it the only major index to decline over this period. Suburban office prices remain 9% higher than the level of April 2020.

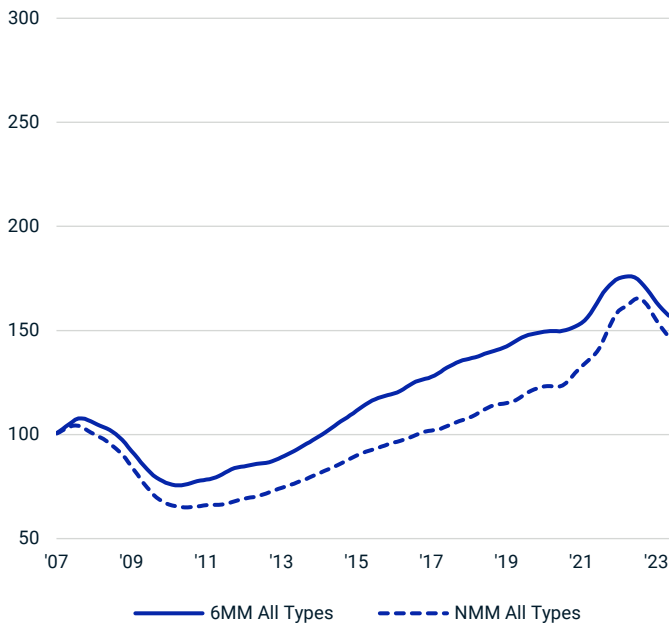
Change in RCA CPPI May 2023

	1-mth	3-mth	1-yr	3-yr	5-yr	10-yr
Office	-0.9%	-3.0%	-8.9%	7.6%	12.5%	62.0%
Office - CBD	-0.4%	-1.4%	-6.9%	-3.5%	2.9%	60.7%
Office - Sub	-0.7%	-2.5%	-8.1%	9.5%	13.2%	62.3%
Industrial	-0.5%	-1.6%	-2.3%	35.8%	60.0%	137.5%
Retail	-0.6%	-2.1%	-7.4%	14.5%	14.9%	43.5%
Commercial	-0.8%	-2.6%	-7.1%	15.4%	23.0%	69.5%
Apartment	-0.9%	-3.2%	-12.5%	18.6%	38.9%	127.3%
All Types	-1.2%	-3.6%	-11.2%	14.5%	25.8%	84.5%
6 Major Metros All Types	-0.9%	-2.8%	-10.7%	5.0%	13.7%	70.8%
Non-Major Metros All Types	-1.3%	-3.8%	-10.3%	19.3%	32.0%	92.2%

National Property Types



Major Metros vs Non-Major Metros



Notes & Definitions

The RCA CPPI is based on repeat-sales (RS) transactions that occurred at any time up through the month of the current report. This CPPI report published June 2023 provides price indexes through May 2023. These indexes are estimated using transaction data collected through the month of June 2023 to the date of production. Because CPPI allows for backward revisions and incorporates any new data we receive subsequent to publishing, full history (from inception to current month) of future indexes will reflect adjustments due to additional transaction data.

The 6 Major Metros (6MM) are Boston, Chicago, Los Angeles, New York, San Francisco and Washington DC. Non-Major Metros (NMM) refers to all secondary and tertiary markets.

All indexes are benchmarked to 100 at December 2006 and the time series extends to January 2001.

About the RCA CPPI™

The RCA CPPI (commercial property price indexes) are transaction-based indexes and accurately measure commercial real estate price movements using repeat-sales regression methodology. There are currently over 350 indexes which provide direct comparability across markets and property types in 15 countries.

A price indicator is a custom index generated using the same process as the RCA CPPI, but is not part of the official suite of indexes.

The RCA CPPI Global Cities report is published quarterly and the RCA CPPI US report monthly.

About MSCI

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