

The NFI-ODCE Index (pronounced “odyssey”) has been widely used by institutional investors as the benchmark for core private real estate performance, much like the S&P 500 Index for public equities. The NFI-ODCE Index continues to show signs of recovery, posting its third consecutive quarter of positive net total returns after nearly two years of negative total returns. Fundamentals of the index remain healthy overall with strong NOI growth and occupancy rates above their long-term average. Increasing transactions have resulted in improved liquidity, and further, the recent increase in investor redemption rescissions suggests that queues may be normalizing.

Notable Takeaways

| PERFORMANCE

- The NFI-ODCE Index quarterly return stayed positive for the third consecutive quarter after two years of negative returns.
- All key performance metrics—income, appreciation, total gross return, and total net return—remain positive.
- Every major property sector has now delivered positive returns (unlevered), including office.
- Retail still leads all property sectors in performance, both quarter-over-quarter and year-over-year.

| ALLOCATION

- The combined industrial and residential allocation within the NFI-ODCE Index reached a record high of 65% (based on gross asset value).
- Conversely, office allocation remains near all-time lows at 18.6%.
- Allocation to the eastern and western regions remained the same at a combined 73% (based on gross asset value).
- The total number of properties declined by 5% year-over-year, driven by increased disposition activity.

| MARKET

- Occupancy rates remain above the NFI-ODCE Index's historical average.
- Performance dispersion among NFI-ODCE Index component funds remains at the high end of its historical range.
- Redemption queues (outflows) across the NFI-ODCE Index continue to decline due to rescissions and improved liquidity.
- Capital commitments across the NFI-ODCE Index have increased over the past two quarters.

Index Performance

	2025 YTD	1-YEAR	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
INCOME	1.01%	4.16%	1.01%	1.02%	1.04%	1.02%	0.99%
APPRECIATION	0.05%	-2.06%	0.05%	0.14%	-0.79%	-1.46%	-3.35%
TOTAL GROSS	1.06%	2.03%	1.06%	1.16%	0.25%	-0.45%	-2.37%
TOTAL NET	0.85%	1.17%	0.85%	0.96%	0.02%	-0.66%	-2.58%

| BY PROPERTY TYPE

	2025 YTD	1-YEAR	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
RESIDENTIAL	1.33%	4.25%	1.33%	1.07%	1.33%	0.46%	-0.97%
INDUSTRIAL	1.22%	3.86%	1.22%	1.14%	1.00%	0.45%	-0.11%
OFFICE	0.75%	-2.88%	0.75%	-0.32%	-0.95%	-2.37%	-5.20%
RETAIL	2.04%	6.89%	2.04%	1.73%	1.99%	0.96%	0.66%
SELF STORAGE	1.00%	5.33%	1.00%	2.16%	1.75%	0.33%	-0.50%
OTHER	0.51%	3.31%	0.51%	1.74%	0.98%	0.05%	-1.95%

| BY REGION

	2025 YTD	1-YEAR	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
EAST	1.34%	3.43%	1.34%	1.08%	1.12%	-0.15%	-1.70%
SOUTH	1.76%	5.60%	1.76%	1.50%	1.35%	0.88%	-0.01%
MIDWEST	1.32%	3.10%	1.32%	0.50%	1.02%	0.23%	-2.09%
WEST	0.87%	1.33%	0.87%	0.64%	0.38%	-0.56%	-1.86%

Index Allocation

	Δ QOQ	Δ YOY	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
# OF FUNDS	0	0	25	25	25	25	25
# OF PROPERTIES	-5	-155	3,285	3,290	3,337	3,370	3,440
OCCUPANCY	-0.12%	-0.14%	90.68%	90.80%	91.40%	91.80%	90.82%
LEVERAGE	-0.12%	-0.25%	26.68%	26.80%	27.17%	27.16%	26.94%

| BY PROPERTY TYPE

	Δ QOQ	Δ YOY	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
RESIDENTIAL	-0.90%	-0.40%	29.40%	30.30%	30.10%	30.00%	29.80%
INDUSTRIAL	1.70%	2.10%	35.80%	34.10%	34.10%	34.00%	33.70%
OFFICE	-0.62%	-1.95%	18.57%	19.19%	19.49%	19.98%	20.51%
RETAIL	-0.10%	0.10%	10.30%	10.40%	10.40%	10.20%	10.20%
SELF STORAGE	-0.05%	0.00%	3.95%	4.00%	4.07%	3.99%	3.95%
OTHER	0.00%	0.10%	2.00%	2.00%	1.90%	1.80%	1.90%

| BY REGION

	Δ QOQ	Δ YOY	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
EAST	-0.73%	-0.44%	28.55%	29.28%	28.94%	28.98%	28.99%
SOUTH	-0.34%	-0.12%	21.67%	22.01%	21.99%	22.03%	21.79%
MIDWEST	-0.10%	-0.25%	5.40%	5.49%	5.64%	5.62%	5.65%
WEST	1.16%	0.81%	44.38%	43.22%	43.43%	43.37%	43.57%

Contributing Factors

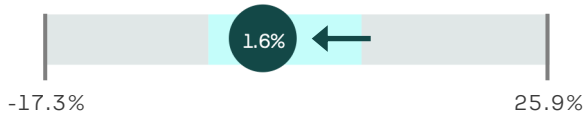


FUNDAMENTALS

Occupancy



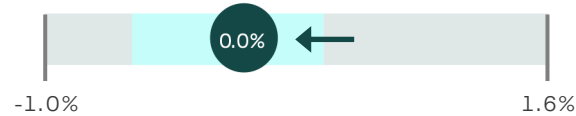
NOI Growth (Trailing Year)



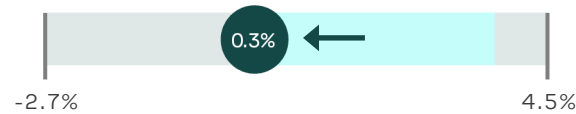
Fundamentals for the NFI-ODCE Index remain resilient despite rising economic uncertainty. Occupancy rates currently sit above the historical average for the Index and net operating income growth declined slightly after a historically strong period.

VALUATIONS

Cap Rate Change (Trailing Year)



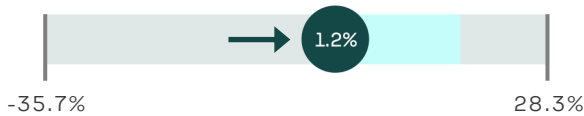
Cap Rate Spread-to-Treasury



Valuation changes have been minimal as cap rates appear to be leveling off after multiple quarters of lock-step increases. Rising uncertainty surrounding the future path of interest rates has further complicated the story, though recent transaction activity suggests that the market may be closer to fair value than previously thought.

PERFORMANCE

Net Total Return (Trailing Year)



Returns for the NFI-ODCE Index turned positive on a 1-year trailing basis after nearly two years of negative total returns for the Index. Signs of a continued real estate market recovery remain intact, though rising concerns of an economic slowdown have dampened expectations of a v-shaped recovery in real estate.

VOLATILITY

Performance Dispersion (Trailing Year)



Volatility within the NFI-ODCE Index over the past couple years has been high as performance outcomes remain wide. Component fund performance dispersion is currently at the higher-end of the historical range, which has been driven largely by property sector allocation.

Contributing Factors



LIQUIDITY

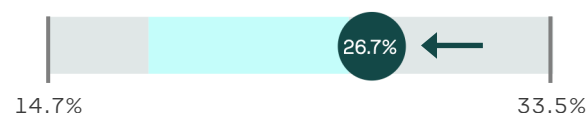
Net Investment Queue



Liquidity for the NFI-ODCE Index has started to show signs of recovery with net investment queues rising from historic lows. With many investors now underallocated to real estate, additional redemption recissions could follow as capital returns to the space.

LEVERAGE

Loan-to-Value



Leverage currently sits slightly above the typical range due to write-downs over the past two years. ODCE debt is largely fixed rate and is conservatively laddered over the next 5-15 years, making the default risk substantially lower than the broader real estate market.

Disclosures

All data as of 3/1/2025.

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While the NFI-ODCE Index recently posted a positive quarterly return for the second consecutive quarter—with key performance metrics (income, appreciation, total gross return, and total net return) turning positive and most property sectors delivering positive returns—these past trends may not persist under different market conditions.

The reported changes in asset allocation are based on historical data and are subject to change. Market observations, including occupancy rates, variations in performance dispersion among component funds, evolving redemption activity, and shifts in capital commitments, are influenced by multiple factors including liquidity, market volatility, and broader economic conditions.

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