What is NCREIF?

National Council of Real Estate Investment Fiduciaries

Presented by Del Kendall, MAI
NCREIF Valuation Committee Chair
NCREIF Mission

NCREIF is a not-for-profit trade association that serves its membership and the academic and investment community’s need for improved commercial real estate data, performance measurement, investment analysis, information standards, education, and peer group interaction by:

- Collecting, processing and reporting data in a secure environment;
- Producing performance measurement indices;
- Encouraging academic and member use of NCREIF data for objective research;
- Providing forums with strong educational content to address industry issues;
- Publishing informed industry related articles and reports; and
- Contributing to the development of Real Estate Information Standards.
What NCREIF Does **Not** Do

- **Promote**
  - Real Estate Investment
- **Opine**
  - Real Estate Investment Values
- **Render**
  - Real Estate Investment Advice
NCREIF Membership

- Institutional Real Estate Investment Managers
- Major Pension Funds
- Service Providers (e.g., Appraisers, Accountants, Consultants/Analysts, etc.)
- Academics – Professors of Real Estate at major universities.
NCREIF’s Professional Staff

Chief Operating Officer – Stacy Gaskins
Chief Information Officer – Daniel Dierking
Director of Research – Jeff Havsy
NCREIF Founder and Senior Advisor – Blake Eagle

Support Staff –
Tamara Pendley – Member Services
Jeanine Olson – Database Manager
James Lenon – SQL Programmer
Julie Grand – Web Programmer
NCREIF Committees

- Accounting
- Data Products Council
- Farmland
- Information Management
- Performance Measurement
- Plan Sponsor
- Portfolio Management
- Research
- Timberland
- Valuation

- Committees meet during each NCREIF conference and work between meetings.
- Produce industry guidance papers, workbooks and seminars.
- Provide valuable guidance and work products to the Real Estate Information Standards (REIS).
NCREIF Data Products

- NCREIF Property Index (NPI)
  - Several Report and Spreadsheet products.
  - Derivatives being traded based on the NPI returns.

- Fund Indices
  - Open End Diversified Core Equity (NFI-ODCE)
  - NCREIF Townsend Fund Indices

- NCREIF Farmland Index

- NCREIF Timberland Index

- Custom Data Products
  - Property Database Query Tool
  - Operating Database Query Tool
  - Special Data Runs Specified by Members
# NCREIF Property Index

## National Returns – All Properties

<table>
<thead>
<tr>
<th>Year</th>
<th>Quarter 1</th>
<th>Quarter 2</th>
<th>Quarter 3</th>
<th>Quarter 4</th>
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<tbody>
<tr>
<td>2007</td>
<td>3.62%</td>
<td>4.59%</td>
<td>3.56%</td>
<td>3.21%</td>
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<tr>
<td>2008</td>
<td>1.60%</td>
<td>0.56%</td>
<td>-0.17%</td>
<td>-8.29%</td>
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<td>2009</td>
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<td>3.31%</td>
<td>3.86%</td>
<td>4.62%</td>
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<td>2011</td>
<td>3.36%</td>
<td>3.94%</td>
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Source: NCREIF
NCREIF Conferences

- Three full membership conferences per year.
- All Standing Committees meet for several hours during each conference.
- Interest Group and General Sessions – local markets presentations, forecaster panels, etc.
- Interactive working sessions, attendees are expected to actively participate in discussions and committee/subcommittee work.
- Peer interaction and exchanging of ideas and information.
NCREIF Education Programs

- Performance Returns Calculations Seminar
  - Hands-on computer seminar that walks students through the NCREIF Performance Returns Calculations Workbook
- NCREIF Database Query Tool and Data Uses Seminars
- NCREIF Academy-2 day course on CRE Investment Strategy
- Nuts and Bolts of Institutional Real Estate
  - 3 day seminar consisting of classes in key disciplines represented at NCREIF (Accounting, Index/Data, Performance Measurement, Portfolio Management, Research and Valuation)
Current NCREIF Initiatives

- Development of a new website with enhanced interactive features for members.
- Increased education programs offered regionally throughout the United States.
- Additional fund-level indices.
- Enhanced data products.
Future Initiatives

- Enhanced Data Query Tools
- Additional Fund Data Reports
- New and Expanded Educational Programs
NCREIF APPRAISAL NEEDS

- **Pension Funds-The Client**
  - Comingled Accounts
  - Separate Accounts

- **Uses for Appraisal Services**
  - Reporting to Investors (Appraisals)
  - Acquisition Due Diligence (Appraisals)
  - Appraisal Consulting (Reviews, Appraisal System Management, etc.)
VALUATION TRENDS AFFECTING THE PENSION FUND INDUSTRY

- Global Information Performance Standards (GIPS)
  - Increasing Transparency of CRE Industry
  - Appraisal Frequency reduced from once every 3 year to annually

- FASB-Accountants Moving toward Fair Value
  - FAS 157
  - FAS 159
  - Lease Accounting Rules
EDUCATIONAL CHALLENGES FOR APPRAISERS

- It’s Not Just Leased Fee Valuations
  - Partnership Valuations
  - Appraisal Reviews
  - Debt Valuation
  - Business Valuations
  - Partial Interests

- SUCCESS WILL COME TO THOSE WHO ARE PREPARED