The National Council of Real Estate Investment Fiduciaries (NCREIF) released first quarter 2023 results for the NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE). The NFI-ODCE consists of 26 funds totaling $332.2 billion of gross real estate assets and $274.7 billion of net real estate assets.

NFI-ODCE total return gross of fees for first quarter 2023 was -3.17%, up from -4.97% in the previous quarter, and down from 7.37% a year ago in first quarter 2022. The income return was 0.84%, just above 0.80% in the previous quarter, and down from 0.93% in first quarter 2022. The appreciation return was -4.00% for the quarter, above the previous quarter’s -5.76%, and down from 2022 first quarter’s 6.44%. The since inception average quarterly income and appreciation returns are 1.67% and 0.45%, respectively.

Quarterly NFI-ODCE Gross Total Return Trends

For the one-year ended March 31, 2023, the NFI-ODCE total return gross of fees was -3.09% comprised of 3.35% income and a -6.27% appreciation return.

NFI-ODCE returns measure fund-level performance and therefore can reflect leverage and other investments beyond properties, including cash balances. Leverage is conservative among these funds given their core strategies, ranging from 15% to 34% over the quarterly series history beginning in 2000. NFI-ODCE leverage is above the 21.9% average since 2000, registering 23.8% as of current quarter-end, up from 22.7% the previous quarter.