Towards a Global Index: Consultation Release 2006

Ian Cullen, Expo Real Munich, 24th October 2006



Global Index

Aims, partnerships and scope of market reporting

- The IPD Global Property Index is intended to measure the combined performance of real estate investments held in mature investment markets worldwide.

- This property index will be IPD's first global index, published in the first instance as a consultation release, and in collaboration with KTI in Finland and NCREIF in the USA.

- It follows logically from our work on the Pan-European Index, produced as a consultation exercise in 2004 and formally launched in June 2005.

- The Index will be based on the IPD indices, the KTI index for Finland and the NCREIF index for the United States. It will be reported at the all property level, in local and major investor currencies – dollars, euros, yen and sterling.

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Putting Europe together..

IPD Pan-European Index, launched June 2006

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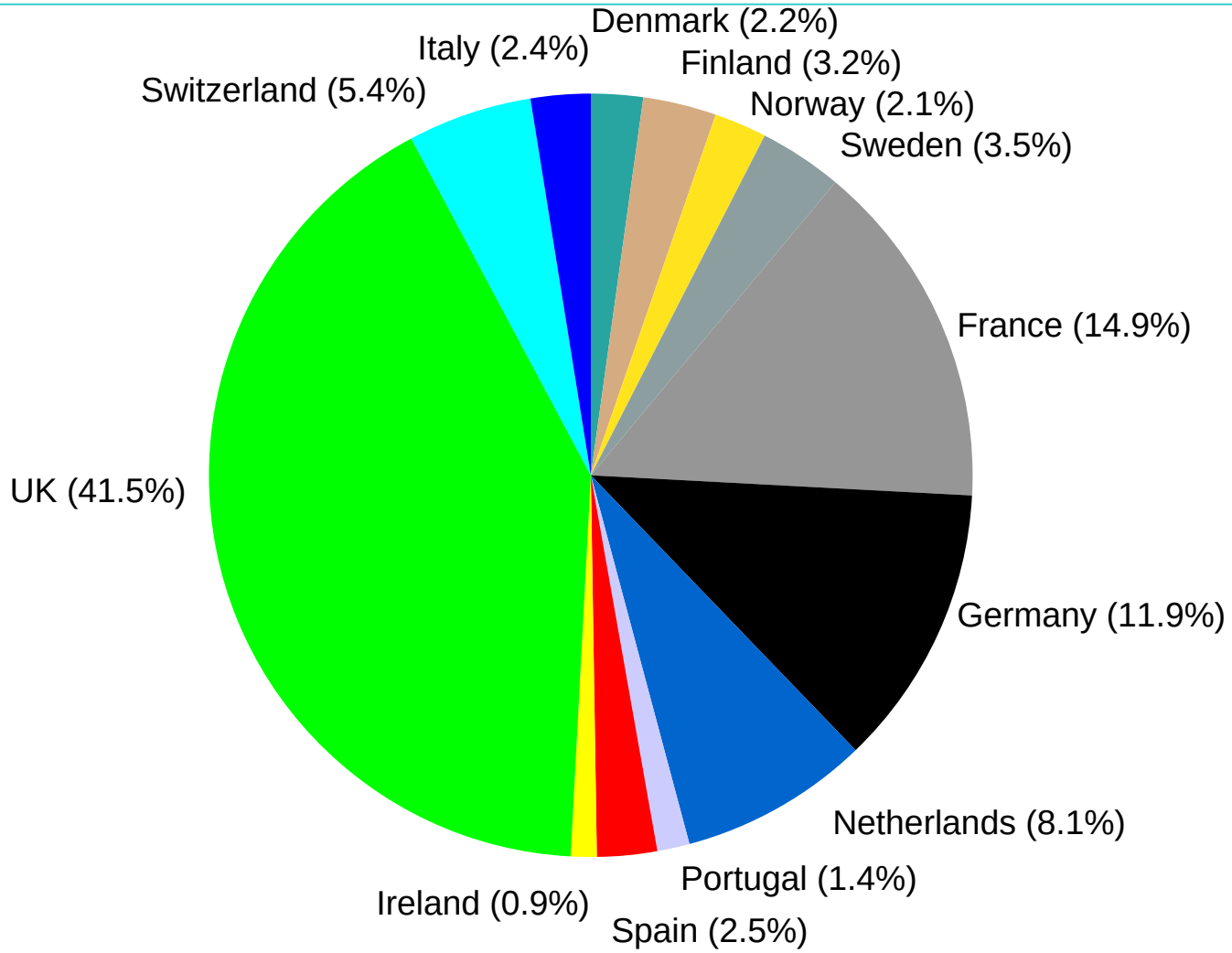
How close are we to a Global Index?

Market coverage estimates for target countries, end-2005

		IPD Databank number of investments	IPD Databank capital value EUR million	Investment market size EUR million	% Market coverage end 2005 estimate
Countries in the Pan-European Index 2006	Denmark	1,335	10,899	26,583	41%
	Finland (KTI)	2,998	16,264	27,106	60%
	Norway	563	10,410	22,148	47%
	Sweden	851	17,464	58,212	30%
	France	6,622	74,905	138,714	54%
	Germany	3,427	59,656	259,375	23%
	Netherlands	5,631	40,819	68,032	60%
	Portugal	523	7,073	13,868	51%
	Spain	577	12,653	26,361	48%
	Ireland	328	4,577	5,794	79%
	UK	11,010	208,111	462,469	45%
	Switzerland	3,298	27,125	77,319	35%
	Italy	846	13,798	57,494	24%
Countries to be added to a Global Index	Austria (14 Sep 06)	810	6,508	21,667	30%
	Canada	1,827	42,100	84,200	50%
	South Africa	2,279	13,100	21,833	60%
	Japan (Consultative)	*835*	*26,000*	*260,000?*	*10%?*
	New Zealand	281	2,962		
	PCA / IPD Australia	619	29,500	118,000?	25%?
	United States (NCREIF)	4,713	159,722	1,177,108	14%?

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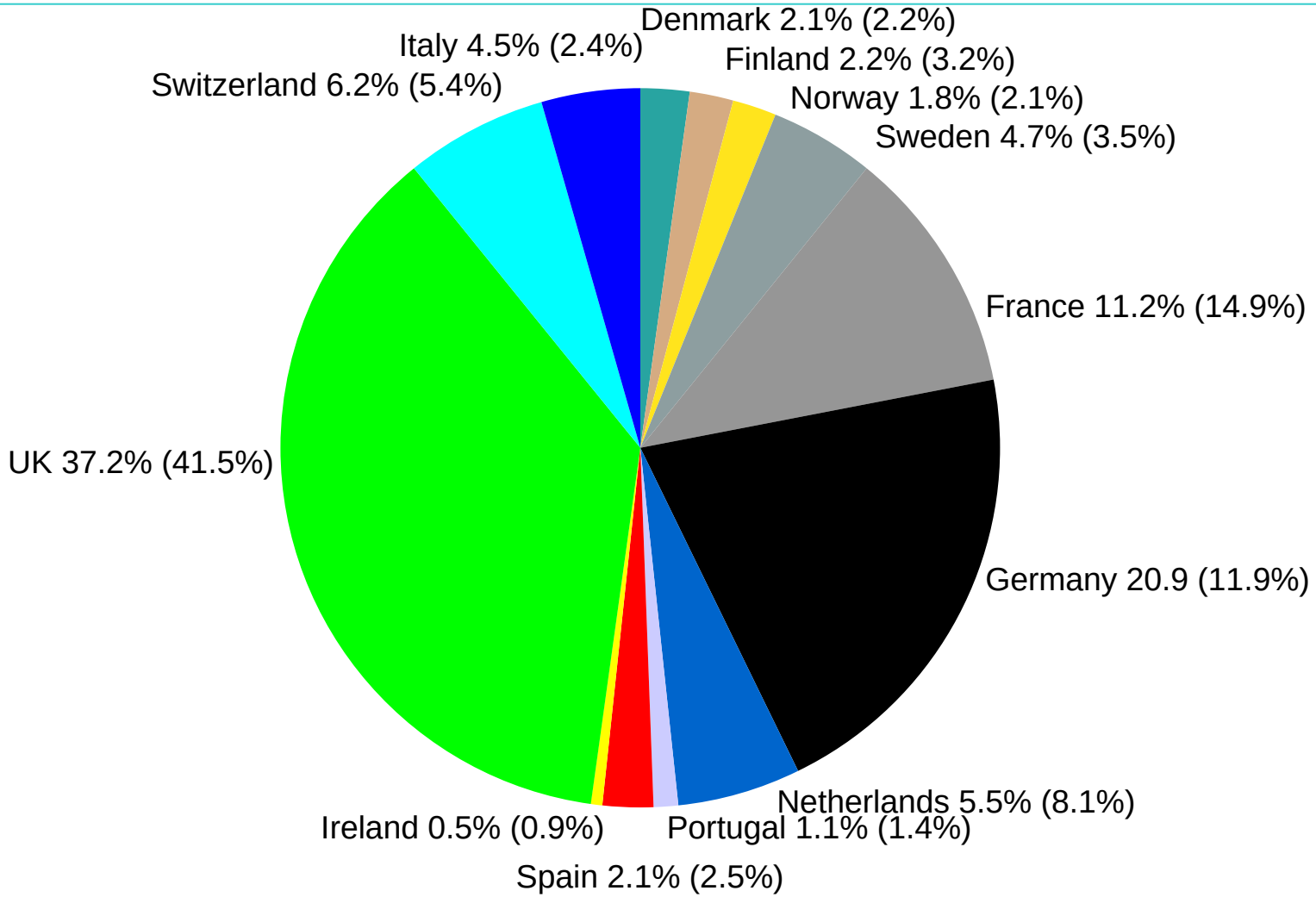
Weights in IPD national indices – end-2005



IPD weights in brackets

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Weights of national markets – end-2005

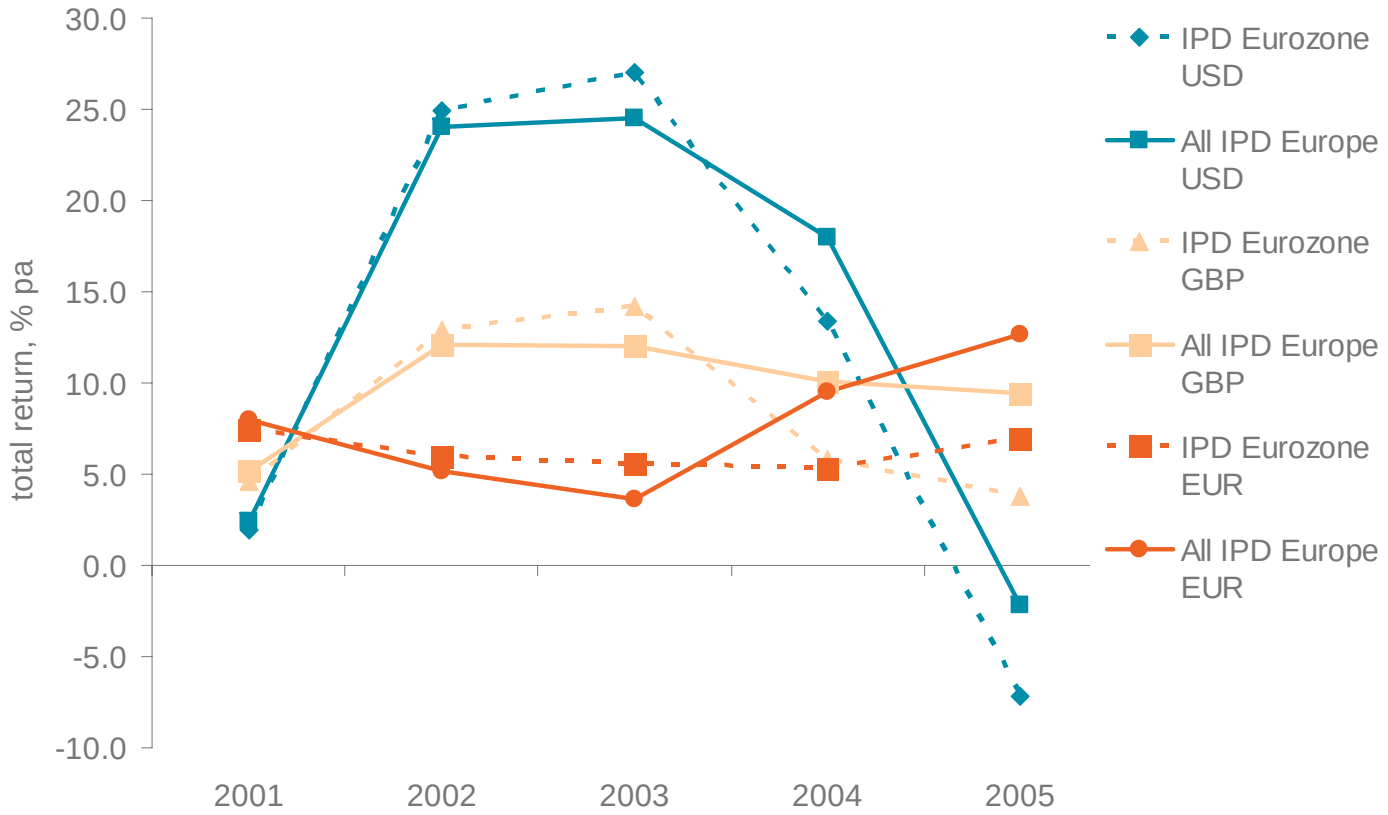


IPD weights in brackets

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Pan-European total returns – last 5 years

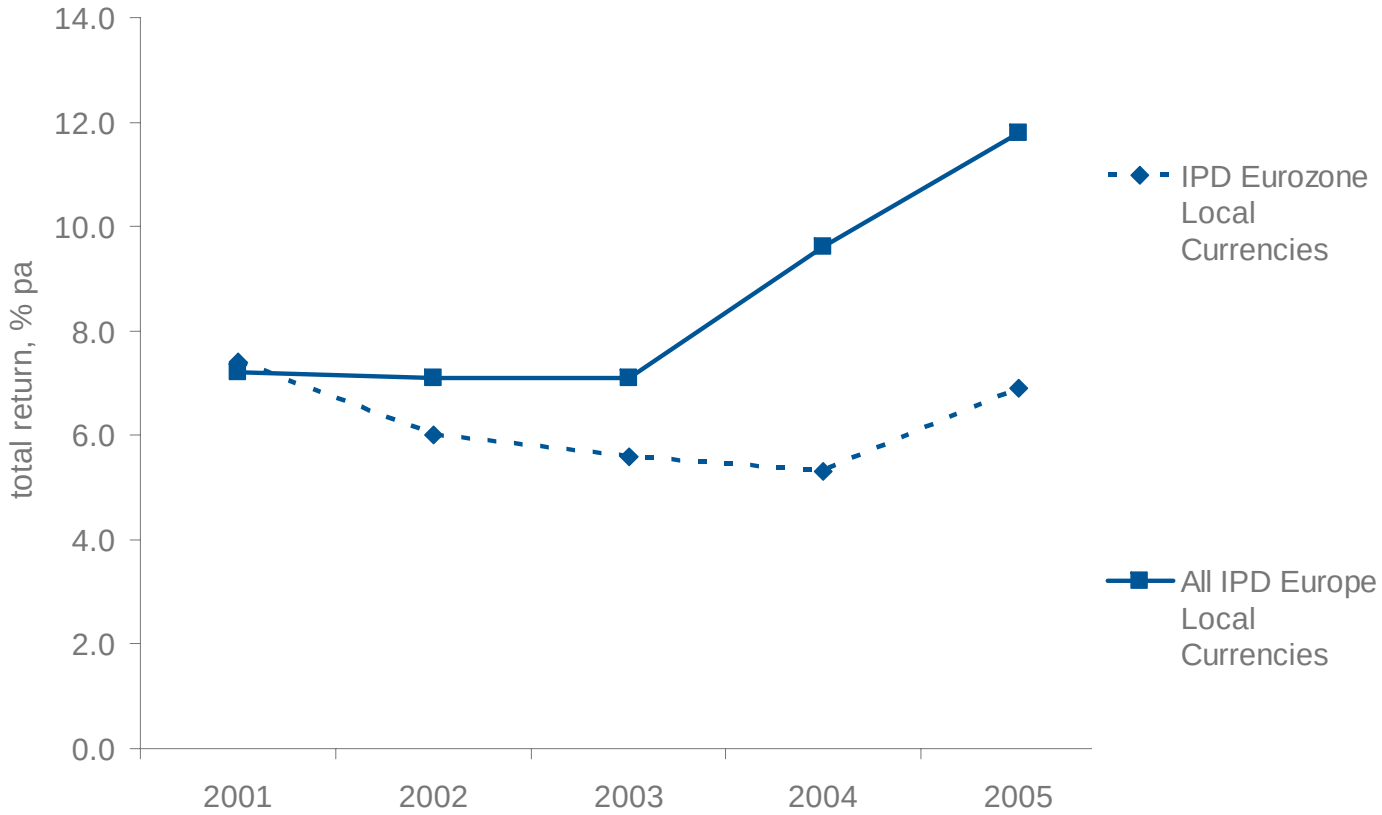
The currency view



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Pan-European total returns – last 5 years

The pure property view



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..and what about the rest of the world?

...a consultation Global Index, autumn 2006

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How close are we to a Global Index?

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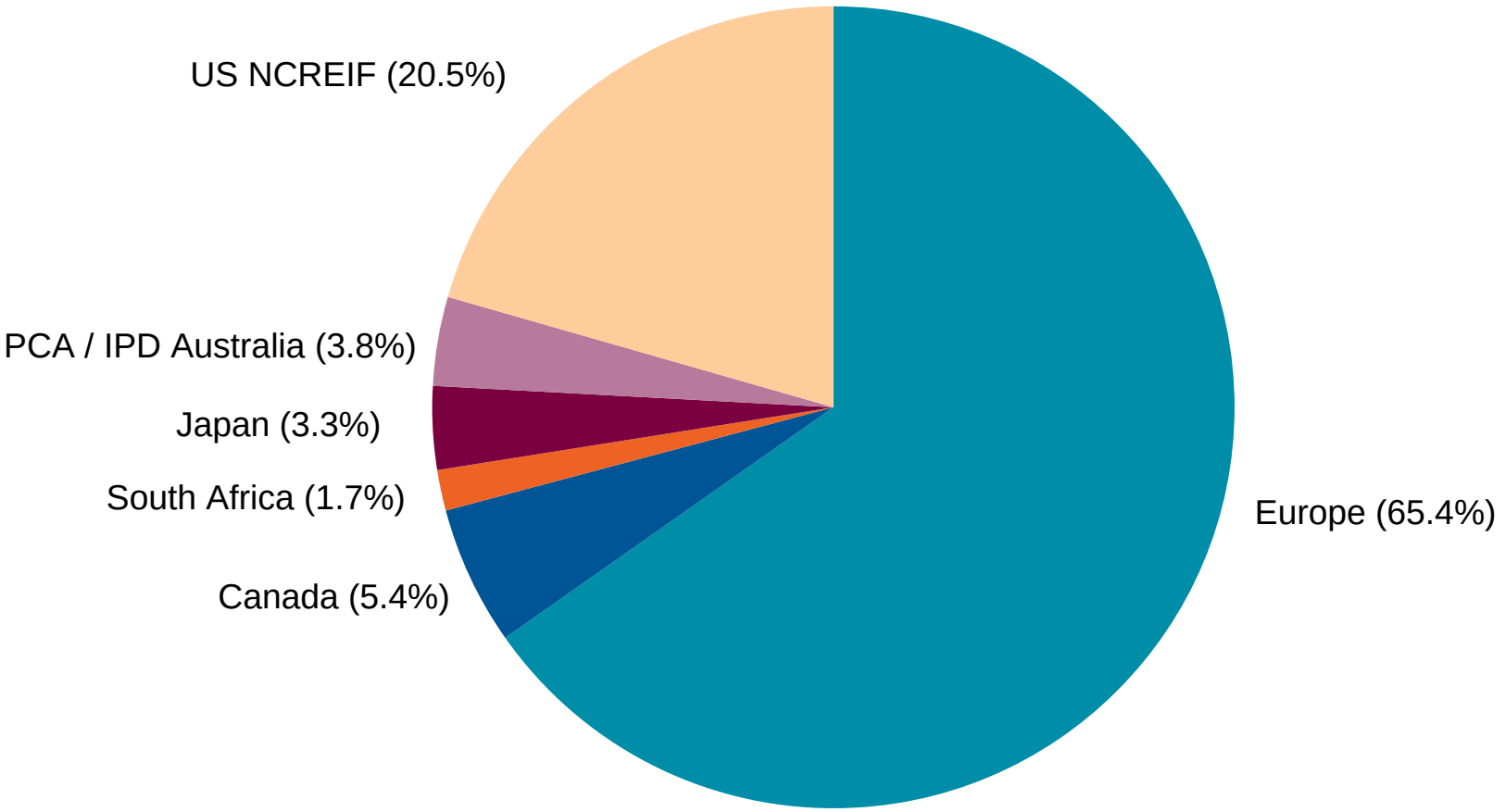
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[1]The Index for New Zealand had not been ready for calculation in the IPD by the time the Global Index was produced

Weights in IPD national indices – end-2005

IPD Europe by far bigger than NCREIF US

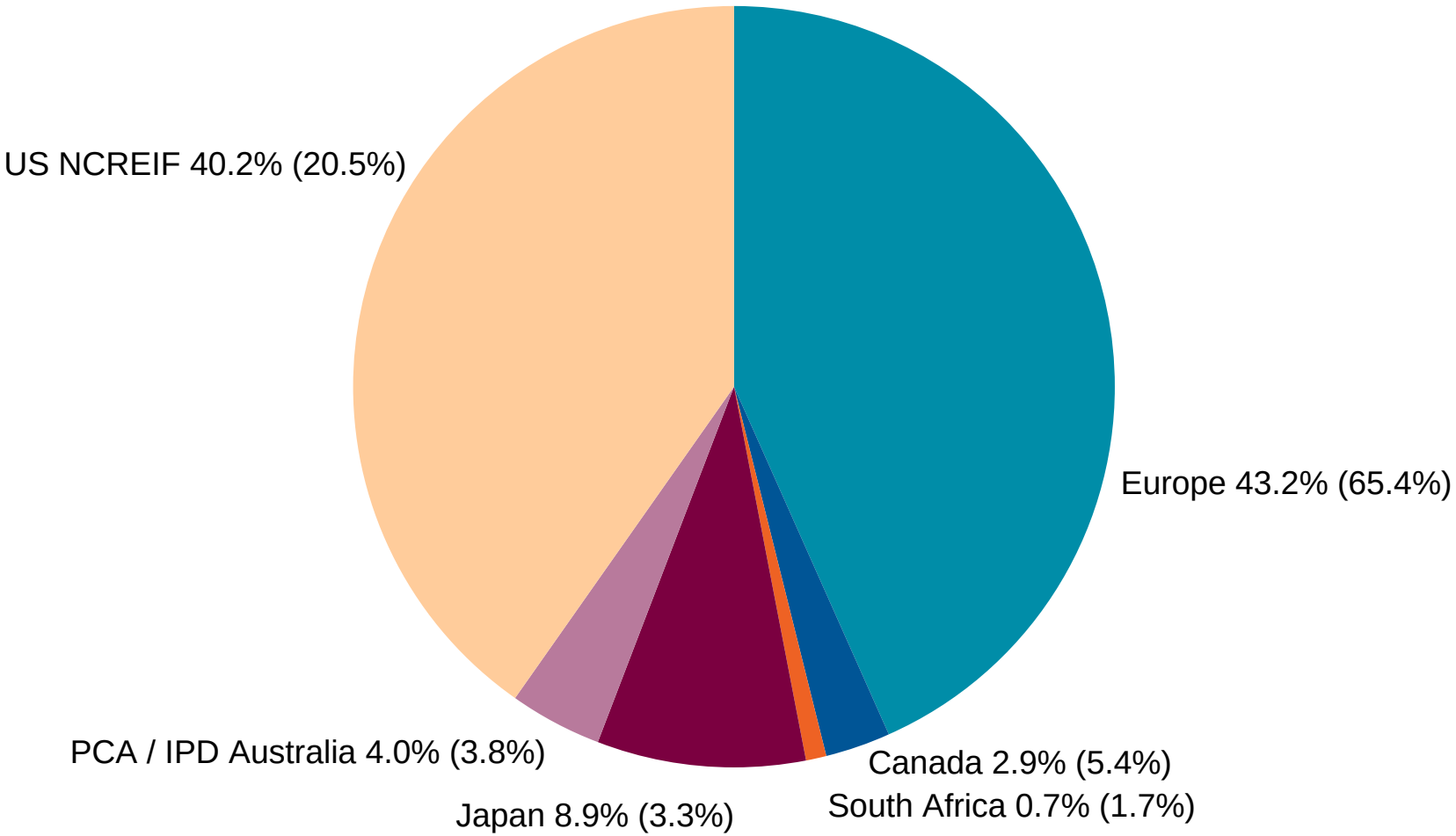


IPD weights in brackets

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Weights of international markets – end-2005

Europe and the US dominating with equal sizes

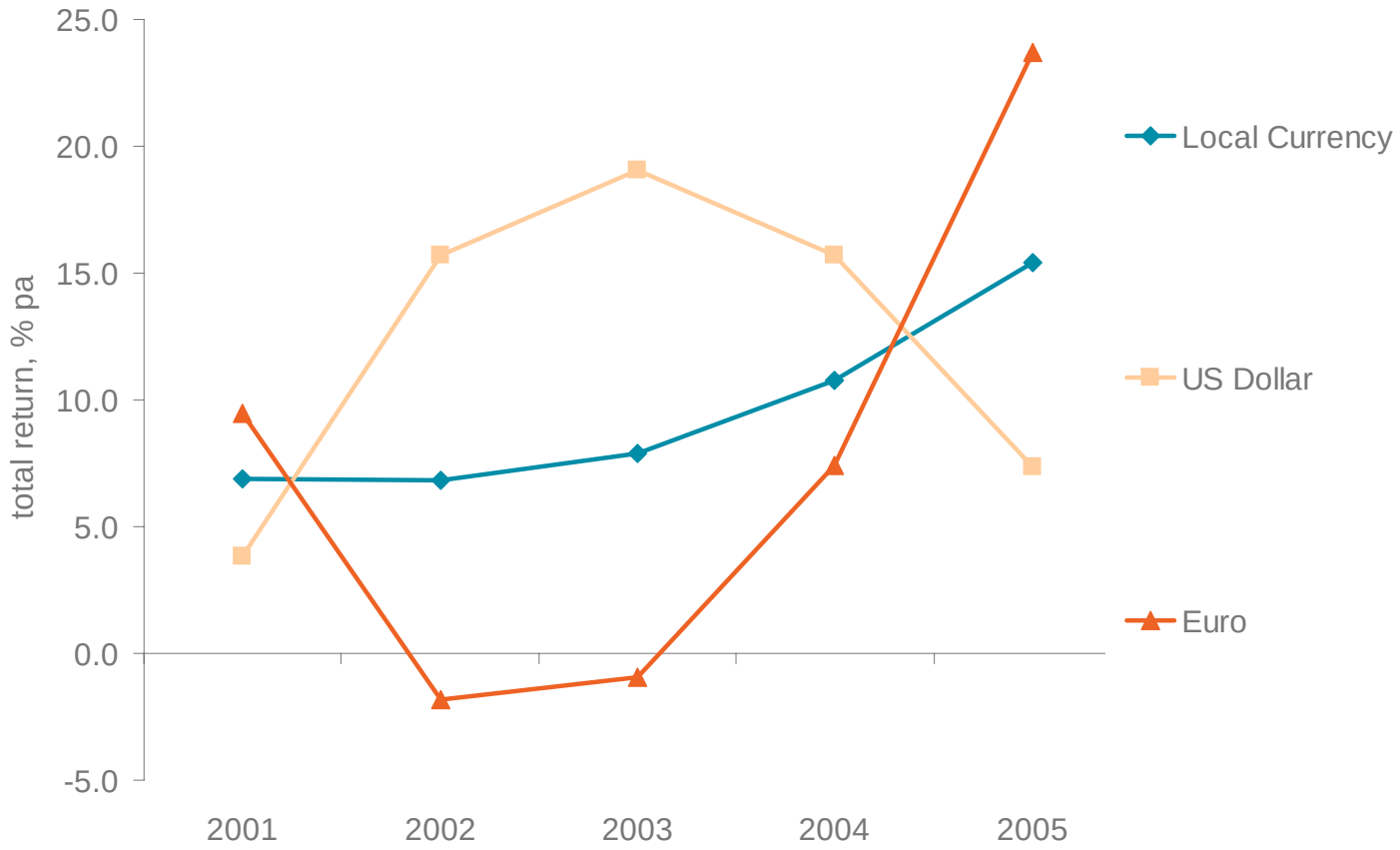


IPD weights in brackets

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Global total returns 2001 - 2005

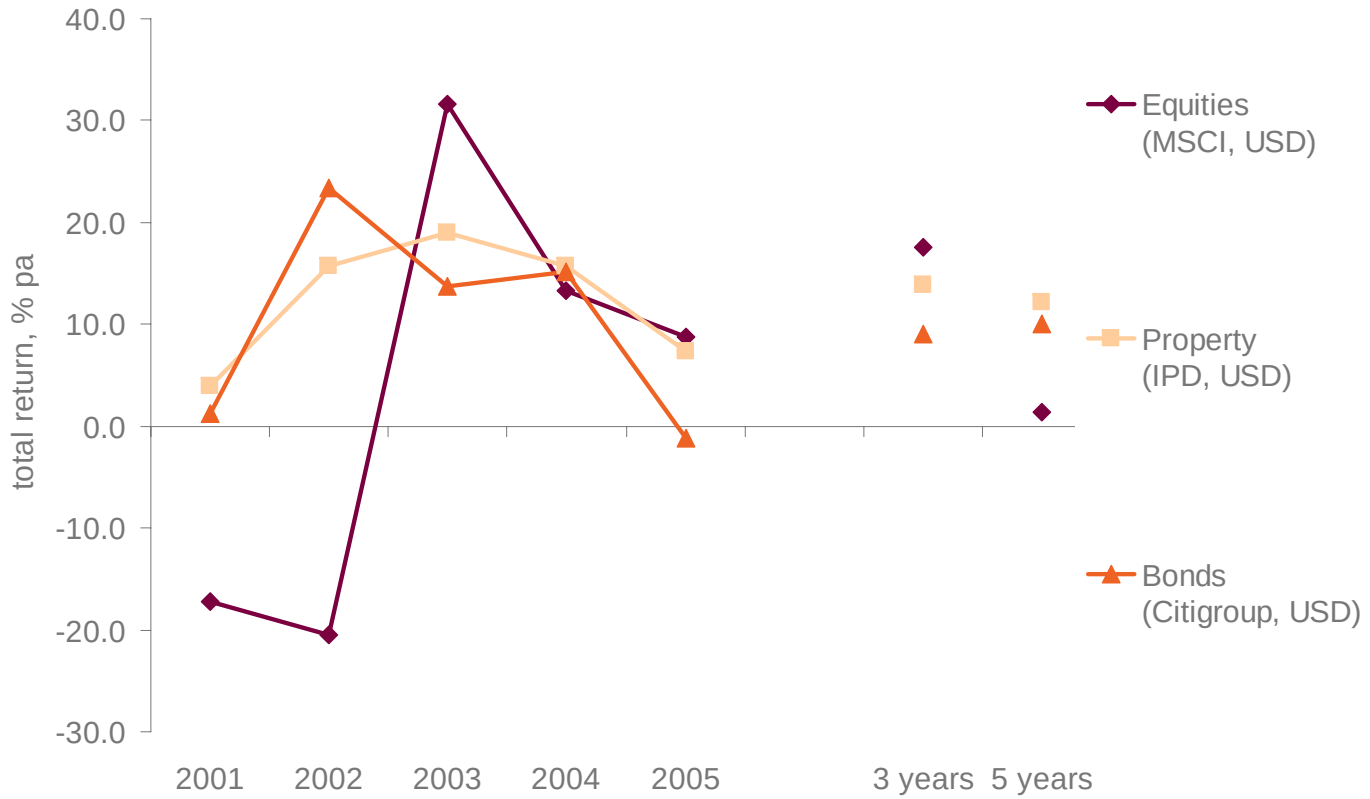
..strong currency impact



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Global total returns on other assets classes 2001 - 2005

Property best performing asset over the last 5 years



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...and the challenges for indices at the global scale

- Global index consultation release – due out before year end
  - .. necessary now to include countries where IPD only publish consultative indices
  - ..on the basis of consistent and accurate market size estimates
  - ..and sector size estimates for each individual market!? – further research required
  - ..bigger problem of missing countries (particularly some Asian markets)
  - ..extended requirement to report in all major currencies

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Thank you for your time

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